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...cial Times, July 23, 1976

FINANCIAL TIMES

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CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

...he main ...oints

...ector borrowing requirement to be reduced to £9bn. in ... about 6 per cent. of gross domestic product at present. The borrowing requirement was expected to be about ... this year and £10.5bn. next year before yesterday's ...

...timated effect of public expenditure and tax measures ... prices about 1 per cent. by March, 1978.

...NG CUTS—Total saving on public expenditure £1.021bn., ...g £60m. saving on debt interest. This will reduce the ...ector borrowing requirement by about £800m. in 1977-78.

...ON—Employers' national insurance contribution to go ... percentage points from April 6 next year. Yield about ...n 1977-78 and about £1.03bn in a full year. This will ...borrowing requirement by about £700m. in 1977-78.

...DOMESTIC PRODUCT expected to rise at annual rate ... 4½ per cent. over 18 months to the end of next year. ...turing production to rise at an annual rate of about ... per cent.

...LOYMENT—Measures may be at a cost of 60,000 jobs ... 1978, but unemployment will still be lower than expected ...udget.

... SUPPLY should grow by about 12 per cent. this financial ...e Chancellor will not allow growth of money supply to ...ation this year or next.

... CODE—Investment relief of 50 per cent. instead of ...cent. proposed in consultative document. Adjustment ... 1.4 for depreciation instead of earlier proposal of 1.3

...dustry aid selective

...RY AID—More emphasis on selective rather than ...assistance to industry. Significant increase in resources ... for selective assistance through the National Enter...ard, Scottish and Welsh Development Agencies and ... Government direct.

...S—Government will watch vigilantly the need for any ...n of selective import restraints to give temporary pro... viable industries faced with unfair foreign competition.

...NG—Government prepared to make provision for pos...tribution in 1977-78 to collective funding of any scheme ...ntice training following recent consultative document.

...AL EMPLOYMENT PREMIUM £2 for both men and ...(at present £3 and £1.50).

...DANCIES—Employer's rebate from redundancy fund ...t from 50 per cent. to 40 per cent.

...AL DEVELOPMENT GRANTS—Savings to be made ... month delay in paying approved claims. Withdrawal ...ility for grants from construction and private mining ...es.

...FECT on trade, industry and employment programmes—...cut in 1977-78.

...NALISED INDUSTRIES—Net savings of £157m. on ...investment programmes other than for British National ...rporation. Treatment of nationalised industry ... ...s in public expenditure figures to be reviewed.

...—Net saving of £87m. on new construction and improve...ork.

...ILTURE AND FORESTRY—Net savings of £25m., ...by deferring payment of capital grants and ending lime ...

...SUBSIDIES—Phasing out to be accelerated to save ... 1977-78. Effect on retail prices index about 0.1 per cent.

...EAS SERVICES—Aid programme maintained. Other ...of £5m. in 1977-78.

...efence cut £100m.

...CE—Planned budget for 1977-78 cut by £100m. by ...g the works programme and some deferments.

...L HOUSING—Control to be reimposed on council ...ilding starts and limit placed on rate of approvals to ...ending back to levels allowed for in Public Expenditure ...aper. Reductions will not be imposed in areas where needs are greatest.

... AUTHORITY MORTGAGE lending to be reduced to ... savings of £146m.; building societies are ready to fill ...

...L SPENDING—Net saving of £81m. on environmental ... other than housing, including expenditure by local ...s on capital works and less essential investment by ... water authorities. Stringent economy to be exercised ...at local authority spending to avoid exceeding Public ...ure White Paper provision.

...TION—Saving of £45m., mainly by curtailing capital ... on universities and other educational building and ... budgets for science and arts.

... MEALS—Charge to be raised by 10p in autumn next ...mpresent 15p, limiting extra expenditure on school ...£15m. instead of £43m.

...VING on educational budget £30m.

...Y ALLOWANCE—Rate of new mobility allowance to ...ised in November next year.

...LOYMENT BENEFIT—Legislation to be introduced to ...nemployment benefit entitlement for those with sub...ccupational pensions. Non-contributory invalidity bene...ousewives now to be introduced in November next year.

...VING on mobility allowance and unemployment benefit ...—about £21m. in 1977-78.

...ealth charges up

...I—Reductions of £70m. in 1977-78 in health and per...dal services programme. No cuts in services for NHS ... Cuts: £20m. on capital expenditure on NHS and local ... personal social services; £20m. from increases in ...d ophthalmic charges; £10m. from savings on overheads ...sures to curb drugs bill.

...CCIDENTS—Proposed to save further £20m. in 1977-78 ...n. in full year by legislation to recoup mainly from ... companies full cost to NHS of treating road accident ...mediate consultations with insurance companies and ...terests. Motorists to pay £3 more a year average for ...e.

...IMENT ACCOMMODATION—Spending cut £10m.

...ERN IRELAND—Reduction of £35m. Some £3m. arising ...y equalised rate of regional employment premium; rest ...idely over Northern Ireland programmes.

PRICE CHANGES YESTERDAY

...n pence unless otherwise indicated)

RISES		Avon Rubber	35 — 3
...r 13½pc '96	£95½ + ½	Beecham	373 — 4
...Bank	280 + 5	Brown (M.)	76 — 4
...)	104 + 6	Dowty	155 — 4
...redging	20 + 3	Manbre and Garton	186 — 4
... Crsfld.	487xc + 25	May and Hassell	70 — 4
...d Godwin	120 + 4	Metal Box	276 — 6
...ank	225 + 5	Plessey	74 — 4
...ping	222 + 4	Sangamo Weston	102 — 8
...s.	22 + 2	Standard Chartered	373 — 7
...J. M.)	60 + 7	Union Discount	310 — 5
...llsons	136 + 4	Wormalds Walker and Atkinson	5 — 3
...nd Colman	350 + 4	Anglo American	230 — 10
...(F.)	9 + 1½	Anglo American Gold	£15 — ½
...cal	164 + 4	Buffelsfontein	610 — 40
...	600 + 5	Doornfontein	240 — 30
...ka Concs.	170 + 5	Gold Fields SA	£12½ — ½
FALLS		London Tin	175 — 5
...rs Discount	193 — 7	Loraine	78 — 10
		Middle Wits.	270 — 10
		President Brand	925 — 50
		Welkom	165 — 15

£1bn. SPENDING CUT: £9bn. BORROWING REQUIREMENT IN 1977-8

Industry to pay £910m. more

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A WIDE range of public spending programmes for 1977-78 are being cut by £1bn. below previous plans, and the employers' national insurance contribution is to be increased to raise £910m. in order to reduce the public sector borrowing requirement to to the Government's objective of £9bn. or less in that period.

Mr. Denis Healey, the Chancellor, announcing these policy changes in the Commons yesterday, said that they would ensure a "much betetr balance in the public sector's finances" so that "we can look forward to the economic recovery over the next 18 months at a pace which is both vigorous and sustainable and which will not refuel inflation."

The measures are expected to increase the cost of living by about 1 per cent. by March, 1978, and to reduce the fall in unemployment by about 60,000, even though the number out of work then may still be lower than previously envisaged.

The changes will also reduce the rate of economic growth though it should be higher than forecast at the time of the Budget.

The annual rate of increase over the 18 months to the end of next year is likely to be about half a point lower than would otherwise have occurred with a rise of 4½ per cent. at an annual rate, but the impact is likely to be rather larger by the first quarter of 1978.

The cuts will affect a large range of programmes in 1977-78 though the main social security benefits and aid to developing countries have been preserved.

The biggest impact will be on the capital investment of the nationalised industries (£157m.), defence (£100m), housing (£146m.), an accelerated phasing-out of food subsidies (£80m.) and roads and transport (£87m.).

In addition, there is to be a shift of emphasis from general towards more selective within the industry budget while controls on a number of areas of spending are being significantly tightened.

In particular, the prospect of major overspending on local authority housebuilding in 1977-78 has led to the reimposition of controls on starts of council houses, though there will be no reductions in areas where needs are greatest, and the remaining investment programmes are being trimmed.

The main savings in housing will be achieved by cutting local authority mortgage lending, and the Building Societies Association last night expressed its willingness to fill this lending gap, or a substantial part of it within the limits open to the societies. They will do what they can for those who would have obtained mortgages from local authorities.

No cuts are proposed in local athorities' spending in 1977-78 though there is still serious concern over their possible overspending in the current financial year above the February White Paper levels.

Considerable emphasis in Whitehall is being placed on the new controls on housing and also the rejection of spending proposals, mainly arising from recosting and open-ended commitments on existing programmes.

The potential increase in spending eliminated is believed to total about £1bn. In the past, spending in these ways has often been one of the main reasons for spending exceeding plans.

A theme throughout the Chancellor's spech was the need to reduce the level of borrowing in order both to avoid pre-empting private savings which private industry is likely to need and an excessive growth in money supply.

On unchanged policies, the public sector borrowing requirement is expected to be about £11½bn. for 1976-77, compared with the Budget forecast of £12bn., and £10½bn. in 1977-78 on unchanged policies, given the expected path of the recovery.

In order to achieve the objective of reducing it to £9bn. or less in 1977-78, a further £1½bn. is required.

The spending-cuts saving of £1bn. will reduce the PSBR in that year by about £800m., while the proposed addition of two percentage points to the employers' national insurance contribution from next April onwards will yield about £910m. in revenue (and roughly £1.03bn. in a full year) while cutting the PSBR by about £70m. in 1977-78.

Mr. Healey pointed out that the target of £9bn. in 1977-78 would represent about 6 per cent. of gross domestic product at current market prices, compared with 9 per cent. for the PSBR now forecast for this year, and nearly 10 per cent. in 1975-76.

The general Government financial deficit, more often used by other countries and which excludes lending to public corporations and the private sector, is expected to fall from just under 6 per cent. of GDP this year to 3 per cent. next year after taking account of the latest measures.

Mr. Healey said this reduction should

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Left is sullen but party split avoided

BY RICHARD EVANS, LOBBY EDITOR

THE Chancellor's package of public spending cuts, carefully fashioned after more than 18 hours of Cabinet discussion, appeared last night to have succeeded in its aim of avoiding a major split within the Parliamentary Labour Party.

Mr. Denis Healey's statement received a highly qualified welcome from the Conservatives, the reluctant acceptance of moderate Labour MPs and sullen hostility from Labour's left-wing after the cuts in many cherished party programmes.

Indications were that the skilful balance in the package, with its significant sops to Left-wing opinion, should head off a revolt among Labour MPs if the measures were put to a division in the Commons.

There were no signs of any resignations either from the Cabinet or from lower ranks of the Government. Before the Chancellor's statement, Mr. James Callaghan, Prime Minister, called 70 junior Ministers to 10 Downing Street to explain the cuts and to call for Government unity.

Left-wing protests, surprisingly muted in Commons exchanges after the Chancellor's statement, centred on anxiety about the level of unemployment, particularly in the construction industry, the cut in hospital building programmes and the reduction in local authority mortgages.

Mr. Callaghan and Mr. Healey are able to point out that four crucial areas have been left sacrosanct by the Cabinet: overseas aid; social security payments including pensions; industrial training and manpower services; and support for the National Enterprise Board and the Scottish and Welsh Development Agencies.

Conservative leaders welcomed the "belated" decision to cut back on the public sector borrowing requirement but they were highly critical of many of the means chosen by the Chancellor.

It was stressed that although one of the main purposes was to increase investment by manufacturing industry, much of the money saved appeared to come from industry. Particularly damaging in the Tory view was the 2 per cent. "payroll" tax levied on employers at a time of high unemployment.

Later Mrs. Margaret Thatcher, Opposition leader, told Conservative backbenchers they must be prepared for further spending cuts in the autumn. She told the 1922 Committee that voters wanted the country to live within its means and were concerned at the level of taxation and Government spending.

A Commons debate is expected to be held at the Opposition's request in the week Parliament adjourns for the summer recess on August 6 but it is not clear whether there will be a vote.

If there is a division, and if the Government were to be in danger of defeat, few Left-wingers would be expected to vote against the cuts or to abstain for fear of precipitating a premature General Election.

The Left intends to carry its struggle against the cuts to the Labour Party's national executive committee and to the party conference at Blackpool in late September.

A critical Left-wing motion has been tabled for next Wednesday's meeting of the party's national executive committee, when Mr. Anthony Wedgwood Benn, Energy Secretary, will have to decide whether to accept the doctrine of Cabinet responsibility or oppose the cuts and risk being sacked by Mr. Callaghan.

In contrast to the muted Left-wing reaction in the Commons, Mr. Brian Sedgemore, a leading member of the Tribune Group, put out a vitriolic statement last night claiming that Britain had been brought to he edge of inernational bankruptcy by years of "cowardly and incompetent Treasury stewardship."

He added: "The time has come to call a halt. This £2bn. bankers' package means 200,000 more thrown out of work, plus higher prices, plus cuts in council services. This course of action is a catastrophe for the country and a tragedy for the Labour Government."

At a Commons meetings last night the Manifesto Group of moderate Labour backbenchers endorsed the cuts as the only means of avoiding unacceptable increases in taxation.

The Scottish National Party and Plaid Cymru came out against the cuts. The SNP said that with its wealth from oil there was no reason why Scotland should suffer from the cuts.

Public service unions angry, CBI dismayed

BY CHRISTIAN TYLER, LABOUR STAFF

THE CHANCELLOR'S measures were greeted with dismay on both sides of industry last night.

The CBI said that the Government had added at least £1bn. to industry's costs against its own industrial strategy.

Trade unions in the public sector reacted with fury, calling the expenditure cuts a breach of the social contract and a snub for TUC co-operation on wage restraint.

They forecast a big loss of workers' support for Labour.

Mr. Len Murray, TUC general secretary, bowed to the inevitable with a statement assuring the Government that the TUC recognised "the need to avoid any reaction which would make more difficult achievement of the Government's side of the jointly-agreed programme of legislation."

The TUC general council will consider the measures in detail next Wednesday, when the employment implications the accelerated removal of food subsidies and the impact on the depressed construction industry will be high on the agenda.

Industry's criticisms would be launched at the meeting of the National Economic Development Council early next month, the CBI said.

A CBI statement said that the changes in the price code announced yesterday would be completely offset by the increase in national insurance contributions, which would mean higher costs for exports and less money for investment and jobs.

"The whole of the £2bn. reduction in the public sector borrowing requirement, which is now apparently required, should have been secured by cuts in public expenditure."

It was "astonishing" that doctrinaire policies like nationalisation should go ahead and at the same time that the tax burden on companies should be increased.

The National Federation of Building Trades Employers said that the cuts bore heavily on an industry already deep in recession, with over 200,000 unemployed. Policies must be introduced to revive demand for private housing and commercial building.

Unions yesterday were particularly incensed by the decision to raise school meals charges next autumn. Postponement of a 5p increase this autumn was one of the small concessions made to TUC negotiators earlier this year for agreeing to the 4½ per cent. pay policy which starts on Monday week.

Some drew comfort, however, from the Chancellor's promise to keep on looking at their demands for further selective import controls.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, said it was now clear that the Government would be fighting the next election "on the record of 1m.-plus permanently unemployed."

"All the assurances given to the TUC on growth targets and reducing unemployment are now in ruins."

The Government's economic policy would be rejected by both the TUC and Labour Party conferences this autumn, he added, because of its breach of the social contract and breach of assurances given at the time a special Congress approved another 12 months of wage restraint.

Another public sector union leader, Mr. Geoffrey Drain of the National and Local Government Officers' Association, said the Government was pursuing a "suicidal course."

Investment relief will be increased to 50%

BY DONALD MACLEAN

The investment relief allowed to companies under the Price Code will be increased to 50 per cent. rather than the 35 per cent. put forward at the end of last month, when the consultative document on the changing of the code was published. The relief is now 20 per cent.

The move, which will not apply to capital expenditure on shops, was announced in the Commons yesterday by Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, as part of a parcel of changes in the consultative document proposals that have been made following representations by various bodies.

Mrs. Williams said: "I have had principally in mind the urgent need in the coming year to promote investment and to pay for a higher level of investment."

It was to encourage the acceleration of investment plans that investment relief would be raised, subject to "careful monitoring of that investment." Provisions would be made to phase in the higher rate "more quickly."

At the same time the upward adjustment factor for depreciation, 1.3 in the consultative document, is to be increased to 1.4, so moving "some way to replacement cost."

Also amended is the White Paper proposal to disregard interest, a move which followed complaints that the existing code discriminated against companies which increased their resources by raising new capital rather than by borrowing.

The change brought criticism, however, on the grounds that companies which faced the need to increase borrowing would be at a disadvantage. As a result, companies will be allowed to choose, on a once-and-for-all basis, between treating interest under the code as it stands or under the White Paper provisions.

To reduce the administrative burden on smaller firms, the lower limits of category three (of the Price Code classification) companies will be raised from those proposed in the consultative document.

The productivity deduction applicable to "escalation" and variation of price clauses will affect increases in labour costs up to but not later than July 31. The rules for monitoring stocks will be tightened.

As a result of reaction to the consultative document investment relief in cases where equipment is leased will accrue to the owner, with the provision that he will be able to assign it to the lessee. Relief will no longer be given on the purchase or leasing of domestic television sets.

Mrs. Williams, however, has rejected a number of proposals for easing the controls. In particular she believes it is necessary to maintain the limit on the retrospective recovery of costs and to prevent the "undue loading of price increases between related products disproportionately to costs."

LOMBARD

Pruning the EEC budget

BY REGINALD DALE

WHILE THE Chancellor was announcing his public expenditure cuts in London yesterday afternoon. EEC Ministers were beginning their own annual budgetary pruning exercise in Brussels. This year, however, the Nine Governments ought to find it rather more difficult to take the knife to the Commission's proposals than they have in the past. The draft for 1977, at £8.8bn., already represents, in the Commission's view, "an austerity budget fitting for the times." It allows for virtually no development of new projects at European level (the largest new sum being £40m. for the establishment of the proposed new European Export Bank), and M. Claude Cheysson, the Budget Commissioner, has himself described it as "distressingly banal and mediocre."

Timetable

The total is more than usually tentative as the budgetary timetable has been brought forward two months, largely at the instigation of the U.K. so as to give more time for Parliamentary scrutiny at Westminster. It will not be possible to firm up the figures for agricultural spending before September, when clearer crop forecasts should be available.

But despite the Commission's efforts at austerity, the pressure for cuts, particularly from Britain and Germany, will still be there, and it must be assumed that few new programmes that are foreseen will be unceremoniously axed. The reasons for Germany's parsimoniousness are well-known. Both main parties in Bonn believe that the German people are fed up with being the automatic providers of Community funds, particularly when there is little or no progress towards political integration, and there is an election coming up in October. The British attitude is more perplexing.

Clearly, the Government is worried that it might be risky to demand unpopular cuts at home and then be seen to condone increases in expenditure by Brussels. But it is not as simple as that. In the first place the sums asked for by the Commission, except for agriculture, are ludicrously small when spread out among nine countries. The entire budget, including agriculture, only accounts for 0.6 per cent. of the Nine's total gross domestic product. Secondly, there is every reason to suppose that more than a fair share of increased spending on non-agricultural items should find its way back into British pockets in such useful forms as re-training and regional development grants.

One problem, however, is that, unlike the Commission and the European Parliament, the Council has traditionally regarded the budget as a simple accounting procedure. The Nine Governments want the budget to be no more than a calculation of the cost of decisions that have already been taken. The Commission and the Parliament would like it to be a genuine exercise forward-looking in policy-making in which political and economic priorities were taken into account.

The Council's restrictive attitude has quite rightly been severely criticised by the two other institutions. It is quite a commonplace event in Brussels to watch Ministers deliberately axing spending provisions which they know perfectly well will have to be reinstated later in the year

Some Governments, particularly the British and German, seem to take the view that Community spending is *per se* undesirable and generally unpopular. But there is no real evidence that this is so in Britain. No one wants to see Community money wasted. Equally, the strongest opponents of public spending cuts in the U.K. probably also include a good number of people who would not want to see Community expenditure increased, implying more power for Brussels. But it is hard to see how a properly conceived expansion of the Community budget, particularly in the social and regional sectors, can be in anything but the interest of the U.K. and the Community's other backward members.

Commissioner

The German plan to instal a special Finance Commissioner in Brussels could thus be dangerous. If he were there to ensure that money is spent properly, well and good. If, as is quite likely, the German aim is simply to see that as little as possible is spent, it should be resisted. In changing the Council's attitude, much will depend on the European Parliament, which will undoubtedly step up its campaign for greater budgetary power as soon as it is directly elected. In the past, though with minimal powers, the Parliament has acted sensibly and responsibly on the budget. It should be given greater scope to do so in future.

SPORT

Gordon Greenidge (above) who with Roy Fredericks produced the early partnership in the Headingley Test which did so much damage to the England attack. Greenidge, eventually out for 115, took full advantage of the ideal batting conditions and had already reached 53 by lunch. His partner Fredericks scored 109 before being bowled by Willis.

CRICKET

West Indies hit 437 fine runs

WEST INDIAN batsmen provided a glittering exhibition of Caribbean stroke play at its most exciting on the opening day of the fourth Test at Headingley. Although they suffered a collapse in the final session, a total of 437 for nine, made off only 83 overs, was something special and something to be remembered.

The highest score on the first day of a Test match since the war, it was full of drives, cuts and hooks, all executed with power and elegance.

Fredericks, Greenidge, Richards and Rowe all played quite beautifully, assisted to some extent by a very fast outfield and, until late in the day, by some rather ordinary bowling.

Query

The West Indies left out a spinner and included a fourth fast bowler, which, coming on top of the request by the International Cricket Conference to bowl 17.5 overs per hour, was somewhat ironic. Rowe, a highly accomplished batsman, came in for Kallicharran, who is to have an operation and has never been at his best this summer.

Tony Greig declared himself fit, and the pace of Ward was preferred to the spin of Pocock.

In the past two years the conditions on this ground have tended to favour fast-medium swerve and seam, and also spin, so there must be something of a question mark about whether either side has chosen the most suitable attack.

Willis and Snow opened against Fredericks and Greenidge. Both bowlers were somewhat wayward in line and length; the two brilliant strokesmakers put the 50 up in only 36 minutes.

At 12.10 Underwood was given the ball—more, one felt, in an effort to reduce the run rate than in the hope that the pitch would take spin—but for once the Kent brake did not work. Ward replaced Willis and proved the most impressive of the English bowlers, which did not say over much. Although he occasionally beat the bat, his loose deliveries, of which there were too many, were unmercifully savaged.

Greenidge brought up the 100 partnership with a hook off the Derbyshire quickie, who might have had him caught at third slip when the score was 106.

When lunch was taken the West Indies had amassed 147 off only 27 overs by class batsmanship against bowling appreciably less distinguished.

The runs continued to flow throughout the afternoon, although Woolmer produced a tidy spell which suggested he might have been gainfully employed earlier, when there was still some shine on the ball.

Fredericks completed his splendid century in two hours 36 minutes, but with the total 192 he was bowled by Willis.

This did not bring any respite, as Richards brought up the 200 with a fierce blow off Ward, who clearly lacked the control required in this situation.

Regularity

Greenidge reached his third successive century against England as the ball was sent scudding with embarrassing ease and regularity to the boundary, until eventually, at 287, he was caught at mid-off by Ward for 115, off Snow's bowling. The second wicket partnership had added 95 in under the hour.

Richards hooked an ineffectual bouncer from Snow to register his 50 in 72 minutes, and Rowe quickly settled down.

Greig switched his bowlers around in an unsuccessful attempt to stop what was becoming something approaching a batting massacre which emphasised the difference between the two sides almost as much as pace bowling had done at Old Trafford. At tea the tourists were 330 for two off 57 overs.

Willis struck again in over after the interval had the formidable caught for 66 without ad the score. This brought to join Rowe. For the f runs were rather difficult by because Willis and wood produced good spe batsmen had to look for which they stole with a stealth.

Just when it seemed a might take control agai in his first over of the had Lloyd well caught b flicking at a ball off his next delivery, to King, a length and so two wic at 370.

Murray prevented trick. The 400 was passe 73rd over, and Rowe r sound 50 before being c the slips off Woolmer, suddenly began to bow than he had done bef quickly removed Murray

The tourists' tail-ende all have been back pavilion by the close if catches had not been. Still, 437 for nine at represents a big improv the 330 for two which score at tea.

TREVOR B

SALEROOM BY ANTONY THORNCROFT

Richard Estes prints excel

THERE WAS nothing of great importance on offer in the London salerooms yesterday but numerous items that might have been acquired by a culture hungry man in the street. Sotheby's held a sale of contemporary prints at which most of the big names were on offer and doing well.

The complete set of eight screenprints by Richard Estes in the "Urban Landscapes" series, of which 75 copies were produced, made the top price of £2,200, about double the forecast. David Hockney also excelled. "The Diploma," his etching of 1962, just about trebled expectations at £940. "My Bonnie Lies Over the Ocean" sold for £750. "Six Fairy Tales from the Brothers Grimm," fetched £580. A Jim Dine and Lee Friedlander "Photograph and Etching, 1969," made £700. The sale totalled £19,768, with only 5 per cent bought in.

At Sotheby's Chancery Lane saleroom the constant American obsession with James Joyce was well illustrated with good prices for his first editions. "The Mime of Mick, Nick, and the Maggies" went to House of Books, New York, for £620, and "Ulysees." made £460. "Finnegans Wake" sold for £360 and a later "Ulysses," the first English edition signed by the author, fetched £330. In contrast a first, signed, edition of the "Waste Land" by T. S. Eliot sold for £190.

A more conventional Victorian furniture auction at Christie's totalled £38,864, with a dozen mahogany dining chairs of Chippendale design selling for £2,700 to E. Alexander, a Glasgow dealer.

A pair of bronze figures of running athletes was bought by M. Hyams for £2,000. A mid-century French marquetry and Varnis Martin side cabinet sold for £1,900. A porcelain mounted giltwood table, illustrated with a plaque of Napoleon, realised £1,750. An unusual upholstered swing seat made in India around 1880 just about trebled its forecast at £820.

In the Sotheby's afternoon sale of Old Master engravings a Rembrandt etching "Christ Preaching" was bought by Faustus for £1,400. The auction totalled £34,969. The pewter sale added a further £17,651, with £460 paid for a Charles II candlestick and for an English seder dish of 1730.

At Phillips, musical instruments totalled £23,435, with Ramsell paying £2,000 for a violincello bow by James Tudds. Bonhams made £12,860 from furniture, with a small Regency rosewood sofa table selling for £560. The silver auction at Spencers of Retford realised £14,671, Collins paying £690 for a Victorian tea and coffee service.

Draw is kind to Foster

OLYMPICS 76

MICHAEL THOMPSON-NOEL REPORTS FROM MO

One of the triumphs of the Olympic Games so far has been the IBM computer system which handles the results service, summarises the situation in all events and produces laborious lists of starters for each morrow.

One of the reasons for the system's success thus far is that it is in the hands of 200 Canadian armed forces personnel—they all seem to be Majors—led by Mrig.-Gen. Robert Berube, retired, a 5ft. 4in. logistics wizard who holds a black belt in karate. A slipped digit from the computer and he kicks it.

Still, we received a lop-sided print-out of the draw for the heats of the 10,000 metres to be run to-day, when the athletics get under way.

On the one hand, Britain's Brendan Foster, a reasonable hope for the gold medal, has the easiest of draws in heat two. But in heat three the computer has flung together three of the finest 10,000 metres runners in the world—Lasse Viren, Emiel Puttemans and Dick Quax—who may find themselves forced into an unsettlingly fast qualifying race.

There are 45 starters in three heats. The first four in each plus the three fastest men outside those placings, advance to Monday's final.

Foster should have no trouble. At 27 minutes 45.4 seconds he was the fastest man in the world over 10,000 metres last year, and of his 14 rivals to-day only two have clocked under 28 minutes this year—Pekka Paivarinta, of Finland (27-54.4) and America's Craig Virgin (27-59.4). Paivarintha can go a bit, and Virgin, an aggressive 21-year-old, has improved by a minute in the past year.

There will be no picnic in heat three. Viren, of Finland, is the reigning Olympic 5,000 metres and 10,000 metres champion. Last month in Helsinki he clocked 27-43.0, his second-faster time ever and history's sixth-quickest. Puttemans, of Belgium, the 5,000 metres record holder, was second to Viren in Munich. Quax, of New Zealand (27-55.2 this year) has got to within a tenth of a second of Puttemans' 5,000 metres world mark this month.

It is into the cauldron of heat three that Britain's Tony Simmons (best-ever 27-53.6) has been pitched. The British No. 3, Bernie Ford, runs in heat one, which has Portugal's Carlos Lopes and Holland's Jos Hermens.

In the first round of the 800 metres, Steve Ovett clashes with Czechoslovakia's Joseph Plachy and Paul-Heinz Wellmann of West Germany, but should come through.

Now that Kenya's Mike Boit is out of the 800 metres, Ovett is fancied for the bronze medal. Still only 20, he is improving rapidly and says that his tendency to get boxed in is the product not of arrogance but youthful incompetence.

The 800 metres favourite, Rick Wohlhuter, of the U.S. (1:44.8 this year to Ovett's 1:46.7) should qualify easily, as should Ivo van Damme of Belgium (1:45.1) and Lucijano Susanj of Yugoslavia (1:45.4). All told, 19 men have run faster 800's than Ovett this year, but the clock-watchers are looking to him for a dramatic time drop.

Other highlight's of the first day's athletics include the heats of the men's 100 metres and 400 metres hurdles, the qualifying rounds of the men's shot, the women's 800 metres heats and the final of the 20 kilometre walk, in which Britain's Paul Nihill will need skates to keep up with three wobble-wonders from Mexico of all places — Gonzales, Bautista and Colin. The warmth and humidity forecast will not slow the foreigners.

Alan Pascoe, in the 400 metres hurdles, will be out to see whether his recent run of injuries has left him in the frame of mind to match strides with men like Edwin Moses and Quentin Wheeler of the U.S.

In the shot, Geoff Capes should have an easy time. He has been troubled by a hand injury but it is no disaster, and Capes, together with Foster, remains the only realistic hope we have of a gold medal in field and track.

If Capes should take the gold, one of the men he will have to thank is Bill Alley, a mechanical engineer and former javelin record holder, w company, the Research ing Corporation, makes reputed to be the s most precise, throwin ments in the free wor

Alley, the Games appareils, is the man supplied the Olympics throwing implements. tors are not allowed their own. His shots of steel or brass and f tungsten chips so t weigh precisely 16 lb 8 lb 13 oz (women).

Alley's $150 javelin Games weigh exactly (1 lb 12¼ oz) and are the Canadian nationa red and white. The required weight for a 800 grams, but und conditions, such as cross-wind, a heavie pays: it tracks better.

Alley says javelin were distracted by javelins his company duced. They were p the black of the javel their peripheral visi reaching back before For this reason Alley light-coloured javelins tails, orange or limo-g shafts and sky-blue spears.

Attention focuses on two more medal prospects for Britain to-day. Walker Paul Nihill will be looking for success in the 20km. walk, and Geoff Capes (above) is hoping that recent injury problems will not affect his performance in the shot.

● Reputations deceive. 14-year-old gymnast Comaneci, winner of medal in the individua competition, is referred to as a little reality she is a white-f faced pixie. Her w legitimate marvel but sign of life.

Russia's Olga Korb described as a darling as she is tired and There are black smud her eyes and her hair.

Deposed champion Tourischeva, who bronze behind Coma Nelli Kim, is still repr a pouting, sulking pa needs her bottom sm truth she is a devastat who stole Comaneci's the presentation cere kissing her glum ri accepting her own Comaneci looked perp

Top sports doctors fascinated by the gymnast Shun Fujim helped his team to th the team even while best-ever performance rings with a broken torn ligaments, after pain killers.

r. Jean-Paul Bed. examined Fujimoto, must have suffered pain. How he manag somersaults and twists without collapsing in beyond my comprehen a man!"

RACING BY DOMINIC W

Ideal for Town and Country

TOWN AND COUNTRY, a tall Town Crier colt, who was totally unsuited to the gradients and camber of Epsom's six-furlong course when finishing only third at 6-4 on in the Carew Stakes on Oaks Day, can regain winning form in to-day's Hyperion Stakes at Ascot.

Mr. Tom Egerton's highly-rated bay, who had previously defeated the odds-on Wild Diver in the style of a good-class two-year-old in Goodwood's Tegleaze Stakes, will be ideally suited by the stiff six furlongs and he looks capable of coming out on top.

If he is to be beaten Lord Leverhulme's Hotfoot colt, Hot Grove will probably be the cause. This bay, son of that high-class hurdler Orange Grove, created a major surprise at Salisbury a month ago when running out a 20-1 winner of the Champagne Stakes, in which he had a neck to spare over Millionaire. He followed up at Chester despite the handicap of a slow start.

A second possible winner for Town and Country's trainer and jockey Dick Hern Mercer, is Sir Michael *Best Offer* in the Virgi Stakes which is confin viously unraced fillies.

Best Offer, a beaut chestnut Crepello out ning Princely Gift ma Gift, has been striding in recent homework promising juvenile m the West Ilsley team. prove too fast for anot nut Crepello filly, Sug

Noel Murless and Piggott, who must have appointed with Danc second placed effort at yesterday, should have ries in the opener Cranbourn Chase S which Mr. Jim Joel's Derby hope, *Navigator*, outclass his moderate c

ASCOT
2.00—Navigator***
2.30—Best Offer
3.00—St. Severin
3.30—Town and Country**
4.05—Bagshot
4.35—Last Tango

AYR
2.15—Upavon*
3.15—Carnlea House
3.45—Mary Tudor
4.15—Lady Lambourn

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 11.00 Grandstand featuring news from the Olympic Games, and Cricket: Fourth Test, England v. West Indies. 1.30 p.m. Camberwick Green. 1.45 News. 2.00 Grandstand: Olympic Games and Cricket: Fourth Test. 4.25 Play School. 4.50 Screen Test. 5.15 Salty. 5.40 Barbapapa.
5.45 News.
6.00 Nationwide.
6.15 Bellamy's Europe.
6.45 The Invisible Man.
7.30 Olympic Grandstand.
9.00 News.
9.35 Olympic Grandstand including 11.15 News Headlines.

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 p.m. O Dan y Mor. 5.15-5.40 Heddiw. 6.00-6.15 Wales To-day. 6.45-7.05 Boss Cat. 7.05-7.30 Sioe Amaethyddol Cymru. 11.15 News and Weather for Wales.

Scotland—9.40 a.m. Dastardly and Muttley (cartoon). 9.50 Jackanory. 10.05 Devlin. 10.30 Roobarb. 10.35-11.00 Boy from Lapland. 6.00-6.15 p.m. Reporting Scotland. 11.15 News and Weather for Scotland.

Northern Ireland—6.00-6.15 p.m. Scene Around Six. 11.15 News and Weather for Northern Ireland.

England—6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
2.10 p.m. Racing from Ascot; Cricket: Fourth Test.
7.20 News on 2.
7.30 Live from the Proms: Mozart, Shostakovich.
8.40 Pot Black.
9.05 Orde Wingate.
10.00 Up Ship.
10.30 Cricket: Fourth Test (highlights).
11.00 Newsnight.
11.20 Music at Night: Peter Frankl plays Chopin.

LONDON

10.00 a.m. Angling To-day. 10.25 Play Guitar. 10.50 Meet Betty Boop. 11.00 Certain Women. 11.50 Larry the Lamb. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 The Andy Stewart Show. 1.00 First Report. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon Money-Go-Round. 2.30 The Masters Water Ski Tournament. 4.20 Robert's Robots. 4.50 Magpie. 5.20 The Brady Bunch.
5.50 News from ITN.
6.00 To-day Talk.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 General Hospital.
8.30 The Squirrels.
9.00 Rich Man, Poor Man.
10.00 News.
10.30 Rich Man, Poor Man (continued).
11.15 Police One-Five.
11.30 Music, starring John Miles and Linda Lewis.

All ITV Regions as London except at the following times:—

ANGLIA

10.30 Betty Boop Cartoons. 10.40 Phoenix 5. 11.05 The Unguarded Moment. 11.30 Recreation and Interests. 1.25 p.m. Anglia News. 5.20 Bygones. 6.00 About Anglia. 7.00 Gambit. 11.15 International Speedway from Hull. 11.50 Christians in Action.

ATV MIDLANDS

10.50 a.m. Baldmoney, Sneezewort, Dodder and Cloudberry. 11.00 Animated Classics. 1.20 p.m. ATV Newsdesk. 5.20 Hogan's Heroes. 6.00 ATV Today. 11.15 The Streets of San Francisco.

BORDER

11.05 a.m. The Unguarded Moment. 11.30 Recreation and Interest. †1.20 p.m. Border News. 5.20 The Flintstones. 6.00 Border News and Lookaround. 11.10 International Speedway: Television Trophy Meeting from Hull. †11.50 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Big Blue Marble. No. 10. 6.00 Report At Six. 11.15 Studio "A" Star Time: The Lulu Hour. 12.30 a.m. News and Weather in French.

GRAMPIAN

11.05 a.m. Unguarded Moment. 11.30 Recreation and Interests. 1.20 p.m. Grampian News Headlines. 5.20 Galloping Gourmet. 6.00 Grampian News. 6.10 The Electric Theatre Show. 7.00 Gambit. 11.15 International Speedway: Television Trophy Meeting from Hull, followed by Road Report. 12.00 Evening Prayers.

GRANADA

10.00 a.m. Angling To-day. 10.25 Play Guitar. 10.50 Technoflash. 11.15 The Osmonds. 11.35 Clapperboard. 1.20 p.m. Take Kerr. 5.15 This Is Your Right. 5.20 Crossroads. 6.00 Granada Reports. 6.30 The Protectors. †11.20 Screen Classics: "The Spy Who Came In From The Cold," starring Richard Burton and Claire Bloom. 1.10 a.m. Thank You And Goodnight . . .

HTV

11.05 a.m. The Unguarded Moment. 11.30 Recreation and Interests. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. †5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 The Adventurer. 7.00 Mr. and Mrs. 11.15 Boney.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.45 Siesion Cantamil. 6.00-6.15 Y Dydd. 6.30-7.00 The Royal Welsh Show.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.05 a.m. The Unguarded Moment. 11.30 Waterwise. 1.25 p.m. Road and Weather Report. 2.00 Women Only. 5.20 This Week. 5.25 Crossroads. 6.00 Thingummyjig. 11.15 International Speedway. 11.50 Late Call. 11.55 Rita Reys sings Burt Bacharach.

SOUTHERN

10.30 a.m. Sammy Hamster's Adventures on the Riverbank. 10.55 Skippy "Oats." 11.05 The Unguarded Moment. 11.30 Recreation and Interests. 1.20 p.m. Southern News. 2.00 Women Only. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 58 and 61). 6.00 Scene South East (Channels 13, 45, 64 and 66). 11.15 Music (John Miles and Linda Lewis). 12.10 a.m. Southern News Extra. 12.20 The man behind Goodwood.

TYNE TEES

11.00 a.m. Starting Point. 11.05 Unguarded Moment. 11.30 Recreation and Interests. 1.20 p.m. North East News and Lookaround. 5.20 Wait Till Your Father Gets Home. 6.00 Today At Six. 11.15 International Speedway: Television Trophy Meeting from Hull. 11.45 The Odd Couple. 12.20 a.m. Epilogue.

ULSTER

11.05 a.m. Unguarded Moment. 11.30 Waterwise. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.18 Ulster News Headlines. 5.20 Here's Lucy. 6.00 Summer Reports. 6.25 Police Six. 11.15 International Speedway.

WESTWARD

10.05 a.m. Sesame Street. 11.05 The Unguarded Moment. 11.30 Recreation and Interests. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Summer Diary. 6.00 Westward Diary and Sports Desk. 11.15 Studio "A" Star Time (The Lulu Hour). 12.12 a.m. Westward Late News. 12.15 Faith For Life.

YORKSHIRE

10.35 a.m. Manfred. 11.05 Tell Me Why. 11.35 The Addams Family. 1.20 p.m. Calendar News. 5.20 The Flintstones. 6.00 Calendar (Emley Moor and Belmont editions). 11.15 International Speedway. 11.50 Night Gallery.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 11.00 Paul Burnett with the Radio 1 Roadshow from The Links, Burntisland. 12.30 p.m. Newsbeat. 12.45 Simon Bates. 2.02 David Hamilton (S) (also on VHF). 4.30 Rosko's Round Table. 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2) (10.00-11.00 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-2.31 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 6.55 Olympic Sports Desk. 7.02 Brian Matthew (S) including 8.27 Racing Bulletin. 8.30 Olympic Sports Desk. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House in Torquay (S) including 10.30 Waggoners Walk. 11.30 Jimmy Young (S). 1.50 p.m. Olympic Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including, on 1,500m. only (also 202m. Scotland) 2.45 and 3.45 Olympic Sports Desk. 4.30 Waggoners Walk. 4.45 Olympic Sports Desk. 4.50 Sam Costa (S) including 5.45 Olympic Sports Desk. 6.15 Cross-Channel Motoring Information. 6.33 Olympic Sports Desk. 7.02 Free Spin. 7.30 Olympic Sports Desk. 7.33 Sammes Songs (S). 8.02 Johnny Gregory conducts the BBC Radio Orchestra (S), including Olympic Sports Desk. 9.02 Friday Night Is Music Night (S) including Olympic Sports Desk. 10.02-11.0 Take Your Partners (S) (VHF only) (11.00-12.00 VHF only as Radio 1) at the Radio 2 Ballroom. 10.02-2.30 1,500m. only (also 202m. Scotland) until midnight when VHF joins Olympics 76 with Terry Wogan. 2.30-2.31 News Summary.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only.

‡6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Smetana (S). 9.50 William Gillies Whittaker (S) (b July 23, 1876). 10.40 BBC Northern Ireland Orchestra (S). 11.25 Cricket: Fourth Test—England v. The West Indies, including lunch summary. 1.35 p.m. News. 1.40 Playbill (S). 2.00 Cricket, Fourth Test. 2.00-2.10 Lunchtime Scoreboard: 2.10-4.20; 4.30-5.45 Commentaries, including teatime summary. ‡5.45-6.40 Cricket: Fourth Test, including close-of-play summary. ‡6.40 Lifelines: Leisure and Recreation. 7.30 Proms: Concert, part 1—Mozart, Shostakovich (S). 8.40 The Other Side of the American Revolution. 9.00 Proms: concert, Part 2—Stravinsky (S). 9.35 Thomas Rajna: Piano recital—Granados, Falla (S). 10.15 Music Now. 10.55 The Art of Marilyn Horne (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer For The Day. 6.45 To-day. 7.00 News and more of To-day, including 7.17 The Olympics. 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of To-day, including 8.17 The Olympics. 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice Of The People. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Detectives. 11.50 Strange To Relate. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty Questions. †12.55 Weather, programme news, VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour from Northern Ireland, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Any Answers? 4.35 Story Time (S). 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather; Programme News. 6.00 News. 6.15 Brain Of Britain 1976. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 Pick Of The Week. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World To-night. 11.15 To-day In Parliament. 11.25 Week Ending . . . 11.40 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons' Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 3.45 The London Gardener. 4.03 Lobby. 4.32 Tony Fish with Home Run, including 5.00 and 6.00 London News Desk. 6.10 Carry On Councillor. 6.30 Norman De Mesquita with Sportsfield. 7.00 Jenny Thompson and Diana Rice (as 11.03 a.m.). 8.00 Good Fishing. 8.30 Black Londoners. 10.03 Single File. 12.00-2.31 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

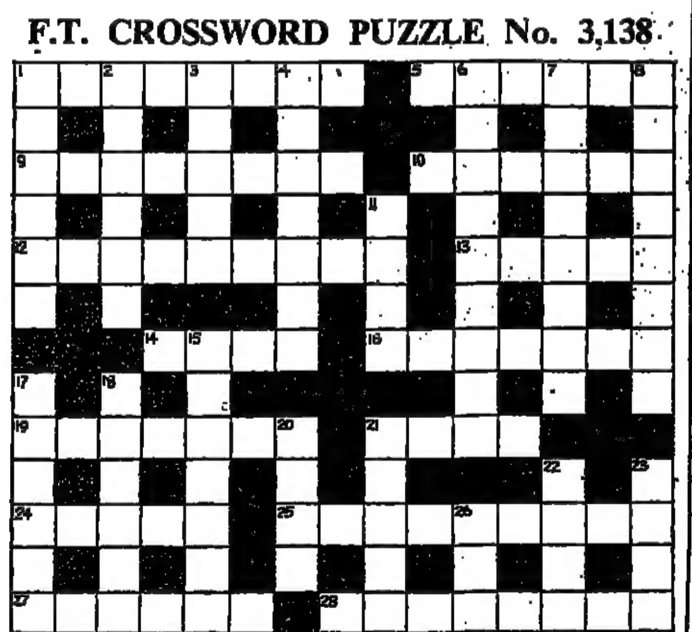
5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Arena. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Cash On Delivery presented by Kerry Juby. 3.00 p.m. Roger Scott. 7.00 London To-day. 7.30 Open Line presented by Bryan Wolfe. 9.00 Your Mother Wouldn't Like It: Capital's heavy rock show. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

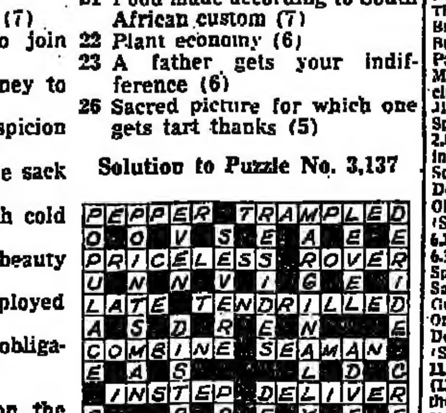
F.T. CROSSWORD PUZZLE No. 3,138



ACROSS
1 Prohibition one took off when sent away (8)
5 Crafty—to the brim apparently (6)
9 Verbal fireworks male revolutionary declined (8)
10 Park for the rest of the drivers (4, 2)
12 Scots loch came out looking fearful (9)
13 Monotonous speech keeps doctor single (5)
14 Company about to take heart (4)
16 Devilish kind of game (7)
19 Tennis star willing to join football team (7)
21 Like this official attorney to make a splash (4)
24 React strangely to suspicion (5)
25 Boat that gets idiot the sack (5, 4)
27 Day soldier would catch cold (6)
28 Look at elevator during beauty treatment (4, 4)
29 Cloth ordained to be employed (6)
30 They maintain their obligations to the letter (8)

DOWN
1 One of the Archers on the fiddle (6)
2 Catch female from below (6)
3 Stretch of water covering Beds (5)
4 River with ingenious discharge (7)
6 Tubby workman is such a character (9)
7 Come after bat again out of turn (6, 2)
8 Knight made to do a great deal of surgery (8)
11 Slip of a child from the south (4)
15 Outside left flying (2, 3, 4)
17 Blessed mess in E.C.1 if bat breaks (8)
18 Tranquilliser leaves south-east tense (8)
20 Small boy goes to prison (4)
21 Food made according to South African custom (7)
22 Plant economy (6)
23 A father gets your indifference (6)
26 Sacred picture for which one gets tart thanks (5)

Solution to Puzzle No. 3,137



هكذا نص الأصل

Kids tough

by NIGEL ANDREWS

Bugsy with Blousey—Scott Baio and Florrie Dugger

'alone (U)
.eicester Square Theatre
Bill and the Indians (A)
.BC Shaftesbury Avenue
(AA) Warner West End
lent British Films ICA

Y *MALONE* looks at : one of those movie iat should have been at birth: an all-singing, ig pastiche of the '30s id gangster film per- y a cast of children and nd directed by a former ctor with no previous e in feature films. One agine any British pro- t the redoubtable David having the nerve to :y into the project, and ving the further nerve out the furore accom- the film's initial rejec- he Cannes film festival. ugust institution finally its mind and the howing of *Bugsy Malone* ut to be an unqualified

So it should be in if British critics are not rooge-like in their to the film's unstinting Weighing against the he unnerving memories back of school plays: sly lipsticked heroines, pre-pubescent voices from middle-aged But weighing in the ivour—and ultimately he balance—are Alan control as director, the e excellence of its film pastiche, and the the acting is good) make one discard the llowances filed away for r-age performers and m no less critically and indulgently than one ieir grown-up counter-

lot is an affectionate of gangster film clichés: between two rival gang- the boy and girl ally linked) who are p in the crossfire, the in a crowded, smoky ; all to the accompani- the familiar running the genre tilted hom- pinstripe suits, wise- corner-of-the-mouth dialogue. Punctuating the film at nicely calculated intervals are Paul Williams's songs: catchy, mock-'30s numbers danced with great zest by the performers and dubbed—skilfully and unobtrusively—by professional voices.

The casting, furthermore, is less inappropriate than it might first seem. Hollywood gangsters were essentially innocents: spry, light-footed little men to whom the urban jungle was often merely an extension of the playground or the yard in which they grew up as children, with the same simple rivalries and fisticuffs, the same simple morality. It's no coincidence that Cagney and Raft, in addition to their prowess as movie gangsters, were expert dancers; the fast, deft rhythms of the gangster film bring it closer in spirit to the musical than any other "straight" genre, just as its direct and simple moral parables look not incongruous when acted out by children.

Alan Parker handles his non-professional cast with the same care that he evidently displayed in choosing them. Scott Baio makes a chirpy, debonair Bugsy, John Cassisi a memorably gross and explosive Fat Sam. Of the women, Jodie Foster's bar-room vamp contrasts nicely with Florrie Dugger's pretty, put-upon heroine. Altogether it's a lively, genial, unpretentious film; and one of which the British cinema, in need of a little encouragement these days, can feel genuinely proud.

*

It is salutary to be reminded sometimes that no film-maker is perfect. Robert Altman has such an awesome record of critical success—*M*A*S*H*, *McCabe and Mrs. Miller*, *The Long Goodbye*, *California Split*, *Nashville*—that one has wondered after each new film to what dizzy heights of achievement his next could aspire. *Nashville*, it now seems, was the summit. Altman has tried to build *Buffalo Bill and the Indians* into a twin peak—another lofty, bracing, panoramic fresco of American life—but the artist's foothold is very precarious by comparison with the earlier film and the view from the mountain-top is decidedly fuzzy. The precise, teeming detail of *Nashville* has here disappeared beneath clouds of abstraction, and the clear-eyed omniscience of the earlier film has become a kind of mocking, Olympian condescension.

Buffalo Bill is seen in his days of late-flowering glory as the star of a Wild West Show. Hovering around him are such eye-catching minor luminaries of Western history as Annie Oakley, Ned Buntline and President Grover Cleveland; and such plot as the film boasts concerns our hero's attempts to enlist the Indian chief Sitting Bull in his show, hoping to offer the paying customers a dramatic recreation of Custer's last stand. The film skips from one myth-debunking vignette to another—Buffalo Bill's amorous interludes with a series of opera singers, Annie Oakley comically (and nearly fatally) bungling one of her sharp-shooting acts—and dialogue takes the familiar Altman form of an overlapping babble, in which inaudibility is the frequent price one pays for conversational realism.

What it is all about is still unclear after two confused and confusing hours. Is the Wild West Show, with its colourfully mongrel cast, a symbol of America's melting-pot society? Is the hero-turned-showman fate of Buffalo Bill and Sitting Bull a parable of America's progress from frontier idealism to sedate commercialism? One doesn't know and, worse, one suspects that Altman doesn't know: that the joky, razzle-dazzle style is an attempt to hurry us through the film without looking too closely at any one detail, let alone trying to gain an overall picture. The performances suffer accordingly. Paul Newman's Buffalo Bill is singularly lacking in presence or charisma, or in any discernible showman's talents. Geraldine Chaplin and Joel Grey come and go to negligible effect in smaller roles. And only Burt Lancaster's elegantly rueful performance as Ned Buntline manages to give some contours to a flatly conceived role.

*

St. Ives is an impenetrably plotted American thriller starring Charles Bronson and directed by J. Lee Thompson. An ex-crime reporter (Bronson) is hired as a go-between in a shady ransom transaction. What is being ransomed and by whom I was not absolutely clear, although the leading suspects include John Houseman, Jacqueline Bisset and Maximilian Schell. The film is straight off the Hollywood production line, but it is directed with some flair by Thompson — who shows a particular talent for crowd scenes — and acted by Bronson with the mean, leathery charm to which we have of late become accustomed.

*

The ICA's new season of independent British films continues next week with an attractive triple bill. Of Tony Scott's *Loving Memory* and *One of the Missing* I have only seen the latter: an atmospheric, sharply edited account of an incident in the American Civil War. The third film, Giles Foster's *Devices and Desires*, is a slow, engagingly quirky piece about a parish vicar who neglects his pastoral duties in favour of a pet archaeological project: digging for the nearby remains of what he believes to be the capital of Roman Britain. The film, which was first shown at the National Film Theatre some months ago, well deserves its wider showing.

Comedy

Getting Away With Murder

by MICHAEL COVENEY

For reasons that have nothing to do with this notice, I never saw *Sleuth*, but I desperately want to, having suffered the mild torture of J. Lee Thompson's tongue-in-cheek murder thriller. Mr. Thompson, best known as a film director (his latest, *St. Ives*, starring Charles Bronson, has just opened here) assembles four characters, very slowly, in the house of Waldo Cunningham near Henley-on-Thames. Waldo is a failed writer working on the Stock Exchange who is plagued by a recurring nightmare of being bludgeoned to death in his bed.

I cannot say much more about him than that because (a) critics when confronted with thrillers traditionally keep information to a minimum when reporting on them, and (b) even that much may not be true. For everyone is in some sort of league with each other in the bumping-off business: Waldo and his son-in-law, Ulick Drummond (Anthony Bate) are surprised by a character who appears to be a psychopathic murderer hungry for revenge on the boss class but who in fact turns out to be Ulick's chum Damien Foxworth (Barry Foster). Ulick and Damien are perhaps a diluted version of Burgess and MacLean and certainly both imbroiled with Maggie, married to Ulick and played by Hildegard Neil.

In the course of the fun and games, Waldo suffers a heart seizure; Damien starts to bribe Ulick; Ulick manipulates Maggie to the point of suicide; Damien and Ulick fake a fatal car accident; Damien assumes the role of a pipe-smoking Yorkshire espionage detective; Ulick squirts Damien with a drug-spray; Ulick predicts that Maggie will cut her wrists because he knows "what makes her tick"; Waldo suggests that Damien is not only a murderer, but also bisexual; Maggie admits to murdering Damien; and, before a re-run, with twists, of the play's first scene, Ulick is presented with a loaded gun with which to blow his head off . . . .

If the bones of all this were played with a more relentless gusto and sustained style, we might have a tolerably entertaining, mechanical spoof thriller. As it is, they are not, and we don't. There is no glee in the proceedings, just the heavy procession of arbitrary thuds of plotting and the occasional dreadful line that encourages laughter in the wrong place. One thing is beyond doubt: the policeman is innocent. The director is Robert Chetwyn, the designer Hutchinson Scott and the excellent sound effects skilfully operated by Graham Binks.

Oxford Playhouse

Arms and the Man

It was Shaw the socialist seer who some 30 years ago held out the promise of a richer, diverser life if Socialist principles prevailed more widely. Nearly 50 years previously, when *Arms and the Man* was written, his fiery iconoclasm was just beginning to emerge in the character of the Swiss mercenary Bluntschli, and prophecy had not yet begun to raise its ugly head. A pity, because in the cynicism of some of Bluntschli's early speeches the fascinating problems of the hired soldier who kills for money—the complete opposite of the socialist—is touched upon, but hardly developed. He remains merely and superficially contrasted to the empty-headed heroism of Major Saranoff, which audiences at the time considered daring enough.

Shaw was primarily intent on proving his own professionalism, tailoring a well-made, slightly serious idea to the conventional happy ending. The way Bluntschli, a soldier of fortune, turns out on his father's death to be richer than all the fashionable Bulgarians, was greeted by a moan on the first night of this year's Oxford Summer Festival. Otherwise in Michael Meacham's very straightforward and well-paced production, it is only too evident how little charge the constant iconoclastic tactic has in a world in which there are definitely no ikons left.

Where *is* a man with principles like Sergius Saranoff? Peter Egan has certainly never met one, because he plays him as a complete stereotype, a puffed-up piece of charade with whom one could never have much sympathy. He is a little blurred in articulation at the beginning for the demands of speed need immaculate delivery, but he improves once he is in his stride. Sinead Cusack as Raina, establishes a pretty balance between the artifice and the skeletal substance of the ingenue with an emerging will of iron.

The most assured performance at present is John Stride as Bluntschli with tousled grey hair as a besmirched fugitive in the demure bedroom scene. It is his logic, beautifully timed, which holds the piece together now. Barbara Murray as Raina's mother, remains as mellifluously Shavian as ever and Nigel Stock as old Petkoff, together with Timothy Bateson and Jenny Quayle as the servant pair, cement the sound and efficient, if not exactly spectacular, quality of the comic play. The cheerful sets are designed by Robin Pidcock.

GARRY O'CONNOR

St. John's, Smith Square

Baccholian Singers

Few contemporary composers can expect two London performances of their music on one day, but good planning enabled Nicholas Maw to achieve just that on Wednesday. The Baccholian Singers presented the first London performance of his *Reverdie*, specially delayed to the end of their concert so that the composer (and a small band of admirers and critics) could come directly from the Prom performance of *Scenes and Arias*.

Reverdie is a cheerful, unpretentious group of five songs on 14th and 15th century texts. By turns lyrical and lively, the most successful in this account were the lightly-scored numbers "Bryd on brere" (Bird on briar), with a rich central section, and the fugal "Al nist by the rose" (All night by the rose), in which the five male voices were most successfully balanced. In the first and last songs—the latter an appropriately bacchanalian poem "Dronken, dronken"—the sound was confused by the over-generous acoustics of St John's.

This problem had also affected the part-songs heard earlier, though the group's full ensemble of eight singers ensured a more favourable balance of tenors. Whereas most male-voice groups seem to compile their programmes from ancient and modern the Baccholian Singers concentrated rewardingly on the romantic repertoire. Sheer skill of ensemble and accuracy of tuning distinguished two Strauss songs and Schumann's 'Die Lotosblume,' though they hurried Schubert's peaceful 'Der Gondelfahrer.'

Most enjoyable was the lack of affectation in their sound: the individual voices were clearly distinguishable, for each is a soloist in his own right (Ian Partridge, Paul Elliott, Rogers Covey-Crump and Ian Thompson were the tenors), and there was no reduction to a lowest common denominator of tone in Elgar and Delius part songs, which had a full, languid richness.

NICHOLAS KENYON

it Garden

Seraphic Dialogue

ine years since we last Graham Company in and during that time— to the London Con- y Dance Company — technique and the manner have put down roots here. Modern ; no longer an exotic it is indigenous, and We look at Graham er and more educated n before; her achieve- l her aesthetic are now e fibre of dance in this And, witness the Opera House season, n is more general. *Dialogue*, which opened ay's programme, looked e. Like most of the the repertory it is by Isamu Noguchi—this s a wonderful oppor- judge the stature of e great stage decorators ne—and it is a marvel ful economy.

leaming golden geo- apes that seem to hover stage are the heaven ich the saints survey rc's story, and Graham- Joan contemplates her life at the moment of her exaltation. Her other selves—the maid, the warrior, the martyr—each play out an aspect of the saint's journey from the first call of destiny to the pyre. The purity of the dance manner, which creates "portraits" of the stages in Joan's history, with superb simplicity of means, is entirely apt. So too the involvement of Noguchi's designs with the absolute rightness of the central structure in which St. Michael is placed like a figure in a mediaeval stained-glass window, and the power of smaller constructions which hold the sword and the cross.

How marvellously Graham uses these. At moments the sword and the body of Joan become one in St. Michael's arms; the gates of "heaven" open to allow St. Michael to descend to Joan, and close finally upon them when Joan has passed through all her trials. This unity of appearance and language gives *Seraphic Dialogue* its clarity and force, and performances Wednesday night were ideally responsive. Takako Asakawa was Joan; Elisa Monte, Lucinda Mitchell and Janet Eilber her three selves; Mario Delamo was St. Michael; their interpretations could not be faulted.

The second work in the programme (which ended with *Appalachian Spring*) was *Circe*. This had its first performance in London in 1963; it looked then an interesting, if not a major, piece, and so it seemed again on Wednesday. It treats of man's animal nature and "the price one has to pay to choose to be human," with Circe as the sole female figure, surrounded by the men she has already turned into beasts, using her wiles against Ulysses and his helmsman. I do not care for the thin tones of the Hoyhaness score, and though Graham's choreography has a certain sinuous sexual power, it lacks for me the weight and probing, revelatory power of her great mythological studies. It was very well danced by Yuriko Kimura as Circe, and by her six companions, but they cannot convince me that the theme has found any very urgent expression.

CLEMENT CRISP

Albert Hall/Radio 3

Scenes and Arias

Nicholas Maw's *Scenes and Arias*, first heard 15 years ago at a Prom, returned to these concerts on Wednesday, occupying the place of honour in a programme given by the Hallé Orchestra under James Loughran. For a score not cast in an advanced idiom, a decade and a-half may prove a dangerous stretch of time. *Scenes and Arias* (which in the meantime has not lacked for performances, and has been recorded) came up fresh and full-blooded, in a sympathetic if not ideally rich or polished reading, with Jane Manning, Margaret Cable and Helen Watts as the three vocal soloists who share the two medieval love lyrics written alternately in French, English and Latin.

This is a score of mixed genre, somewhere between symphony, tone-poem and operatic scena—rather like Hugh Wood's *Scenes from Comus* which followed a few years later. The dramatic side of Maw's work is implicit rather than explicit. One cannot imagine it even demi-semi-staged, though since it falls into defined sections, it might advantageously be danced. Maw used what was then an unmodishly large symphony orchestra with triple woodwind.

Strauss is often invoked in connection with this composer's music, but if a Germanic source must be found, Henze seems more likely. And Strauss was not the only 20th-century composer who wrote voluptuously for female voices—the trio in *Rosenkavalier* is surely less germane to *Scenes and Arias* than the second act trio in *Peter Grimes*—one of the seminal pages of modern English music. In an independent, unselfconscious way, Maw's writing in this vein links up with one of the English late-romantics—Bax.

The concert, which closed with the Fourth Symphony of Brahms, opened with the Sixth of Vaughan Williams. Not very good planning, dear BBC—one of those juxtapositions achieving neither contrast nor mutual illumination. Not a good start, in fact, in any way—in the first movement, the Hallé strings played so weedily that one began to wonder if this once so arresting symphony had crumbled to dust. The second movement was muffled in effect, the menace having, as it were, receded to the middle distance. Then the scherzo, with its brutal, take it or leave it counterpoint and unsympathetic jazz parody, came to sudden, rough life. In the finale, the Hallé fully retrieved its good name with an account of those still haunting, ghostly meandrings which kept the not very numerous audience impressively still.

RONALD CRICHTON

Air Theatre, Regent's Park

Love's Labour's Lost

pied and violets blue :oo-buds of yellow hue) since withered in our meadows. But the atre in Regent's Park es around an oasis of t is pleasing to pass g there watching vows y exchanged for lovers' this youthful play, nouthers of empty re rebuked, and where continues to hold off.

: flanks of a grassy h rustic steps and logs there, the dry verse eliminaries is whipped ast. And though the s must laugh merrily at iips and incomprehen- ostes, these passages dy by too, for the most ing the way clear for ly. In David Conville's n the good jokes are . and even the poorer g a smile.

y has been set back in century before Shake- ay so that the costumes women are given the colourings of a Van ie King of Navarre and panions have stepped late medieval hunting d the courteously be- on Adriano (Anthony xcellent) wears long sleeves that trail be- like the petals of a ating zinnia.

a. Gail as the Princess leads a bevy of ladies k poetry lightly, with d composure. Ursula ts a vein of melancholy ough the merriment of to the enrichment of acter. Their opposite have a more clotted deliver which may go y to explain why only heir scenes as a group ve easy delight. This discovered love-letters which each in turn a colleague for break- ws and then is revealed done the same. There nent here not the tak- of stately attitudes but It is only Clive Arrin- rowne that brings a true pirit. He makes a neat, hero, able to puncture rhetoric with distinctly niles—though the band on the waist sometimes s performance too near eroes of panto.

Of course it is the comics who carry the evening and bear our contentment in their hands: Anthony Sharp's Don kissing the greensward where his awful wench has trod; David Cardy's Costard flat on his face before the Princess; a Holofernes from David Whitworth chewing Latin tags like plugs of tobacco; and an utterly bewitching curate from Richard Goolden. Now in his eighties, he nimbly scampers after his high-stepping colleagues, curls up like a ball at their feet and enthusiastically cheats at bowls like a mischievous old white-haired nun. It is an enchanting performance.

JEREMY KINGSTON

Lambeth Jazz Summer School

The fifth annual Lambeth Jazz Summer School takes place this year at Stockwell Manor School from July 26 to August 6. As well as individual tuition, there will be classes on arranging, composition, basic and advanced harmony, as well as ample opportunity for "jamming."

Tutors on the course will be: Pete King, Brian Smith, Mick Collins, Malcolm Griffiths, Charles Alexander, Geoff Castle, Harry Miller and Trevor Tomkins.

Eddie Harvey will be organising tutor, as well as doing one week of trombone classes.

Classes are held Monday to Friday for the fortnight and run from 10 a.m. until 5 p.m.

Further information from the JCS, c/o ICA, 12, Carlton House Terrace, S.W.1 (01-930 4261).

Leonard Burt

Mitzi Hamilton with (left to right) Miriam Welch, A. William Perkins and Steve Baumann in 'A Chorus Line' which opened last night at Drury Lane

Lalo Schifrin to score 'The Eagle Has Landed'

Composer Lalo Schifrin has been signed to write the music for *The Eagle Has Landed*, an adventure film, based on Jack Higgins's best-selling novel about a German wartime plot to kidnap Churchill.

Schifrin is a veteran of more than 50 film scores which have brought him two Oscar nominations.

The Eagle Has Landed stars Michael Caine, Donald Sutherland, Robert Duvall, Jenny Agutter, Judy Geeson, Jean Marsh and Donald Pleasance.

WORLD TRADE NEWS

EXPORT CREDITS

Commission to take EEC Governments to court

BY DAVID CURRY

THE BRUSSELS Commission has decided to take four EEC Governments before the European Court of Justice in Luxembourg for breach of treaty obligations in agreeing, with the U.S. and Japan, on measures to control export credit terms on a *national, rather than a* Community basis.

Britain, France, Italy and Germany are in the dock for implementing the agreement on export credit restraint by a series of unilateral declarations (the French have implemented without any declaration) in the *face of a Commission demand* that the agreement must be put into an EEC framework because export credits fall within Community competence.

The agreement between the six countries—Belgium has since associated herself with it—came into effect on July 1 for an experimental period of a year. It was brought into being by declaration, rather than by treaty in an attempt to by-pass the Commission's demand that the agreement must at least receive the formal approbation of EEC Ministers in Council.

The stumbling block to admitting Community competence has been French refusal to allow export credits to pass out of national control despite a firm ruling of the Court of Justice last year that they were a Community responsibility.

The initial procedure now is for the Commission to write to *the Governments concerned* notifying them of its decision. It is clearly hoping that the threat of long drawn-out court procedures which could follow will shame Governments into admitting at least a token EEC responsibility, perhaps by permitting the agreement to *receive formal endorsement in* Council.

The sting in the tail here, however, is that the present agreement will be up for renewal next year and once member Governments admit Community responsibility they will lose control directly over the next stage of credit limitation. This could mean little in practice since the Commission would in any case negotiate on a mandate given by the Council.

If the Governments decide to shrug off the Commission action there is not much Brussels can do. There is no coercive power and the Commission is relying on the moral pressure legal action could bring.

However, the processes are likely to be long, and they could easily last beyond the life of the present Commission, so the Governments may well conclude *that they have nothing* to lose by playing for time.

French sales increase 31%

PARIS, July 22.

PRODUCTION of private cars in France over the first six months of this year was at a level 19.5 per cent. above that of the same period last year, and was 2.4 per cent. ahead of the levels of the first half of 1973, before the effects of the oil crisis were felt, the Motor Producers Association said.

Output totalled 1,563,683 units, of which exports accounted for 794,291—an increase of 9.5 per cent. on last year's figure but a decline of 0.8 per cent. on 1973 results.

New registrations during the six months up to June provision*ally amounted to 973,575, a jump* of 31.2 per cent. on the first half of last year and 2.7 per cent. above the 1973 figure.

The association remarked, however, that Government re-

World Car Markets

strictions of credit buying introduced three months ago had started to have a "considerable effect" on orders during June.

Foreign penetration of the French motor market during the month stood at 23.1 per cent., the association said, higher than the 21.7 per cent. rate seen in June 1975, but still lower than the 23.6 per cent. recorded a year earlier.

The Association noted that France was one of the few major European car manufacturing countries which had practically returned to the export levels experienced during the first half of 1973. It added that exports to Italy, which were up by 52 per cent. in the first six months of this year, have almost attained the same magnitude as those to West Germany. It didn't, however, give figures.

AP-DJ

New guides to Mideast markets

FINANCIAL TIMES REPORTER

TWO NEW guides to export opportunities in the Middle East *are being published in Britain* by Kogan Page.

Trade Contacts in Arab Countries, which has been compiled by the Research Department of the London Chamber of Commerce, covers the 17 Arab League nations including the North African Arab countries, as well as the Gulf states. The information contained in this directory is designed to help those companies, particularly first-time exporters, who wish to trade with government agencies, state and para-state organisations, as well as the larger private companies in these countries.

Statistical Review of Middle East Markets, compiled by Ian Maclean, of Trade Research, presents statistical data on imports by the nine nations surrounding the Gulf—Abu Dhabi, Bahrain, Dubai, Iran, Iraq, Kuwait, Oman, Qatar and Saudi Arabia—to help exporters assess the potential *market for their products*, the strength of the existing competition and the possibilities for growth.

Meanwhile the London Chamber is to sponsor a report into opportunities for British industry presented by the upsurge in hotel building in the Middle East.

The study, which is to be carried out by management consultants, Cunnington and Associates in collaboration with TDG (Tourism Development), *will be a comprehensive report* on potential hotel developments, those firmly planned and those currently under construction.

The report, said to be the first of its kind, will also cover opportunities in the region for suppliers of hotel equipment and fittings.

The Chamber says it has sponsored the project because of the acute shortage of hotel accommodation in the Middle East, the significant hotel building programme already under way and the large investment allocations for tourist projects in the development plans of many coun*tries in the region.*

The survey begins in September and participation is open to British companies operating in the hotel and allied industries on a subscription basis. It is anticipated that the report will attract a subsidy from the British Overseas Trade Board. When completed the report will provide subscribers with detailed information on the range of projects in their particular fields, allowing them to make a direct approach to the contracting organisation.

Transport consultancy

BY OUR FOREIGN STAFF

DETAILED REPORTS on freight transport to main oil producing countries of the Middle East are to be carried out by consultants in the next six months. The first report, on *freight carriers*, will be aimed at giving shipping and transport companies an analysis of the overall transport situation and how it can be expected to develop.

The second, aimed at transport users, will identify the most siutable routes for different exporting concerns and also survey such aspects of transport as packaging, documentation, demurrage charges etc.

The two firms of consultants working on the studies, Frith Kirk and Spinks, who specialise in Middle East market research, and transport consultants MM Distribution Consultants, claim that the surveys will be the first overall ones of their kind.

The Freight Carriers Survey will cost £3,500. Although the first section will be common to all clients the second will be confidential and concentrate on the client's specific requirements. Already six clients have been signed up. The Transport Users Survey will cost £950. Both are expected to qualify for a British Overseas Trade Board grant.

Sudan seeks closer U.S. links

BY ALAN DARBY

PRESIDENT NAMAIRI wants to strengthen Sudan's economic and political links with the U.S. in the wake of the attempted coup here earlier this month. The move appears to parallel the policy of President Sadat of Egypt and, as in Egypt, involves encouraging foreign private investment and attracting foreign banks.

Even before the coup attempt, which has been blamed on Libyan insurgents, President Nimairi had ben trying to improve Sudan's relations with the U.S., which have been strained since Palestinian guerillas murdered the U.S. ambassador to Sudan in Khartoum three years ago. Shortly before the coup attempt President Nimairi had been on a three-week visit to the U.S.

The coup has brought Sudan and Egypt closer together, in opposition to Libya, and this has meant some move towards the U.S. But President Nimairi's main interest in the U.S. appears to be economic. The U.S. ambassador here has *said* that a number of U.S. projects are to be undertaken in Sudan, although it is too early to be precise.

In a long broadcast last week the President hinted at possible areas in which U.S. investment might be involved. Urging the U.S. to become less dependent on South Africa for supplies of chrome, he claimed that Sudan's chrome was of a higher quality than South Africa's and said that Sudan would welcome U.S. investment to exploit it.

The State of Tennessee, which the Sudanese party visited, was similar to Sudan's cotton-producing Gezira province and a *team of U.S. experts* from the State was soon to visit Sudan to advise on increasing agricultural output.

Hit by a plague of rats, suffocated by weeds and short of pumped water, Sudan's cotton crop for the current season is now officially expected to be the smallest since 1964 and only about half that of last year. Poor administration in some State-run schemes is also blamed.

President Nimairi said that private Tennessee interests were to assist with the development of Sudan's river transport through building of vessels and river ports. He said that Sudan did not want economic aid from U.S., relying on the oil-rich Arab States for cash. But it wanted private-sector investment in such fields as mining, marine and river transport and forest industries from U.S. concerns.

Sudan, which nationalised all banks early in Nimairi's period of rule, was now prepared to encourage both large and small foreign banks to open branches. David Rockefeller, chairman of Chase Manhattan, had, he said, expressed readiness to back Sudan in development projects in the forthcoming six-year plan and it would, he said, spearhead the return of foreign banks to Sudan.

U.S., Japan computer agreement

TOKYO, July 22.

NIPPON ELECTRIC (NEC) *announced it and Intel, of the* U.S., have concluded a 10-year technical co-operation agreement to cross-license their patents and exchange technical information regarding micro-computers.

NEC said the agreement covers large-scale integrated circuits, other semi-conductors and micro-processors and memories. The agreement is designed to make the micro-computers which the two companies manufacture and market convertible and more competitive on the world *market, it added.*

The two companies agreed to hold regular technical meetings in the U.S. and Japan alternately, NEC said.

The world micro-computer market, NEC commented, in which demand reached about Y15bn. (£30m.) *last year*, is rapidly expanding to the level of about Y45bn. this year and Y100bn. by 1980.

Reuter

Siab wins E. Berlin order

STOCKHOLM, July 22.

SIAB, the Swedish construction company, has won a Kr.500m. (£62m.) contract to build a 1,200-bed hotel and a store in East Berlin.

The order, won in competition with other Swedish and French companies, will provide employment for some 150 Swedish building workers. The bulk of the building materials, installations and other equipment will be exported from Sweden. Credit financing is being arranged by the state-owned Swedish commercial bank, PKbanken.

Both the new buildings will be situated in the centre of Berlin, the hotel overlooking the river Spree and the store on a site scheduled for reconstruction near the Ostbahnhof. They are scheduled for delivery in the summer of 1978. Siab has earlier experience of turnkey projects in East Germany and is currently completing a 700-bed hotel in Berlin.

Bahraini racecourse

Contracts were signed in London yesterday between the Bahrain Equestrian and Horse-Racing Club and Country Leisure International, for the provision of a new £5m. racecourse to be sited in the middle of the island. Preliminary work has begun on the building of a 1½-mile grass track which will be served by a 10,000 spectator grandstand. Stables, a weighing room, polo grounds, a golf course and training area will be incorporated into the complex which has been designed by architects Mobsby Haines Associates.

The project, which is under the direct supervision of Bahrain's heir apparent His Excellency Sheikh Hamad Bin Isa Al-Khalfa, aims to start racing by the end of 1978.

S. Koreans win further Saudi order

Kodong Construction has been awarded a sub-contract worth $108m. in the building of a port at Jubail, Saudi Arabia, company officials said.

They said the company signed the sub-contract with Adriaan Volker of the Netherlands which is a partner with Hochtief of West Germany and Consolidated Contractors Company (CCC) of Saudi Arabia in the $1bn. project to build the port, Reuter reports from Seoul.

Tanker valves deal

J. Blakeborough, the West Yorkshire valve and screen manufacturers, has broken into the Japanese market with a £350,000 order for marine *tanker valves. It covers* the supply of several hundred valves in sizes from 100 to 400 mm for four 32,000 tonnes products carriers to be constructed for the Shell International Marine Company.

Amoco Taiwan venture

A $100m. plant producing 150,000 tonnes annually of a major polyester base material, purified terephthalic acid (PTA), will be built in Taiwan by a joint venture company, Amoco Chemicals announced. The *new company*, China American Petrochemical (CAPCO) is now being formed and Amoco will hold 50 per cent. with the remainder shared between the Chinese Petroleum and the Central Investment Holding, both based in Taiwan, Reuter reports from Hong Kong.

The new plant is situated at Lin Yuan in southern Taiwan and work is scheduled to start later this year with completion in 1979.

Dutch in surplus

Holland had *a visible* trade surplus of Fls.76m. in May compared with a deficit of Fls.560m. in April and a deficit of Fls.50m. in May, 1975, Reuter reports from The Hague.

May imports were Fl.7.18bn. against Fl.7.73bn. in April and Fl.6.12bn. in May 1975 while exports rose to *Fl.7.26bn.* from Fl.7.17bn. and Fl.6.07bn. respectively. The figures exclude trade with Belgium and Luxembourg.

AMERICAN NEWS

Reagan challenges Ford to a television debate

BY DAVID BELL

WASHINGTON, July 22.

MR. RONALD REAGAN, firmly *insisting that* he *has* enough delegates to beat Mr. Ford on the first ballot at next month's convention, to-day challenged the President to a debate and said that "under no circumstances" would he serve as the President's running mate.

In a television interview the former California Governor accused Mr. Ford of being "heavy handed" in his efforts to win over the key handful of delegates who have not yet made up their minds who to support. He said that the Ford staff were making the same mistake as they did in the North Carolina primary when they advised him to drop out only two days before he won the surprise victory that kept him in the race.

Mr. Reagan said that the Ford people had been suggesting that there were no real differences between him and the President. *But "this is not true. There are* very fundamental differences between us, and the debate is the *one logical way to settle this*, particularly for the legitimately uncommitted delegates who are trying to make up their minds." A Ford spokesman said later that Mr. Ford's position on the issues

were clear for all to see and that if delegates did not know where Mr. Reagan stood by now that was "because he had not articulated his positions well enough."

The Reagan assault on the President, which bears some of the marks of a last-ditch effort to prevent Mr. Ford from all but locking up the nomination before the Convention, coincides with a *report to-day that the Mississippi* delegation, once thought to be solid for Mr. Reagan, is now leaning towards President Ford. Most independent delegate counts suggest that the President only needs about 20 more delegates to have the nomination in the bag and Mississippi's support could be important.

But for all their public confidence, the Ford people are well aware that delegates may prove unexpectedly fickle when it comes to the actual Convention voting. The Ford campaign has not been well run and it has been *previously wrong in predicting* sizeable leads which turned into defeats in more than one primary. An appearance of overconfidence on the part of Mr. Ford, who is still not really popular within the party, could send some "Ford" delegates back to Mr. Reagan and the race is so close that *firm predictions* may still be unwise.

Chicago request on interest-rate futures trading

By Jay Palmer

NEW YORK, July 22.

THE CHICAGO Board of Trade (CBOT) has *formally* requested Federal Government permission to start futures trading markets in both 90-day commercial paper *and long-term government* bonds.

The board argues that such additional interest-rate futures markets would be complementary to its existing trading in "Ginnie Maes," which are certificates issued by the government National Mortgage Association and are price sensitive to the property and mortgage sectors of the credit market.

Commercial paper represents various term notes issued by businesses to obtain financing. There is a highly active cash market in high-grade commercial paper and the fluctuating yields are critical to major bank's *prime lending rates.*

On this basis, the board suggests that a futures market in 90-day commercial paper would give investors a way of dealing with changes in short-term interest rates. Trading in longer-term government bonds would do much the same for longer-term rates.

Although the board is not really willing to discuss its longer-term expansion aims, it is clear that this recent move into interest rate futures (Ginnie Mae trading started last autumn) is only part of a diversification away from its traditional metals and commodities markets.

House overrides veto

WASHINGTON, July 22.

*THE U.S. House of Representa*tives to-day followed the Senate lead and overrode President Ford's veto of a $4bn. public works Bill.

Both Houses have now decisively struck down Mr. Ford's veto of the measure yesterday.

A number of Republican Senators, including Sen. Robert Griffin of Mr. Ford's home state of Michigan, voted with the Democrats to defeat the President. Later Mr. Ford reiterated his belief that the Bill is nothing more than an "election year give away."

The Bill is a streamlined version of an earlier $6.1bn. measure which the President successfully vetoed in February. It authorises $2bn. for construction and other public works programmes and would also provide assistance for state and other local authorities whose revenues may have fallen during the recession.

Sen. Hubert Humphrey told Democratic colleagues that the Democratic Party "does not deserve to win elections" if it cannot keep its pledge to do something about unemployment, and he noted that the Bill was much less ambitious than earlier versions. The fact that so many Republicans from northern industrial states voted with Democrats was a tacit recognition of their apprehension that the Republican Party may come to be painted this autumn as a party that does not care about the *human suffering* caused by unemployment.

Mr. Ford was at pains yesterday to say that this was not the case, but that to provide jobs "artificially" by spending Government money was no way to cure the problem and was one of the *factors that could lead to a re*surgence of dangerous inflationary pressures.

Meanwhile, the Ford Administration also moved yesterday to increase the military appropriations budget by about $1bn. which would bring the total defence budget for the year to *$115.9bn. At the same time the* Senate appropriation committee voted to shave off some $3bn. from the Administration's military budget. The budget covers just the activities of the Defence Department while the largest defence budget includes such things as military construction and aid.

The effect of all this manoeuvring will be to make the defence budget an issue in the forthcoming presidential campaign. While the Democrats intend to attack the Ford Administration for not cutting the "fat" out of the Defence Department, the Republicans will try to accuse the Democrats for being unwilling to spend the money needed to give the country an adequate defence. The recent attempt by Congress to postpone a decision on the controversial B-1 bomber is already being used by the Republicans as an example of this.

Argentina silent on Falkland report

THE Argentine F… Ministry refused to co… on the just-released rep… Lord Shackleton on… potential of the Fa… Islands where, he pr… that Argentina and Brit… operate in industrial a… exploitation, writes … Lindley from Buenos… The Ministry said it co… comment on this proposa… the "sovereignty dispu… resolved. Argentina cla… Falklands as the "Mal… Islands.

The suggestion conta… the report that Argenti… Britain develop the Fal… potential together has e… little Press comment… although Buenos… independent La Opinion… day published a leader… the report "a … assembling of a new c… operation." The paper… that "development wou… almost impossible, if… because of the heavy d… commitment involved."

Hostages freed

Rebel prisoners at Wis… State Jail released 14 ho… yesterday in exchange… promise of amnesty from… officials, Reuter reports… Madison, Wisconsin. A… hostages, who were … when the disturbance … on Wednesday, were… harmed, according t… official spokesman.

Olympic profiteer

The first complaint of pr… ing at the Olympics are… ning to roll in. The … Lodging Bureau, a Gover… agency, is investigating… tions by New Zealan… American tourists that th… paying $60-$80 a da… cramped, and insanitary… modation at a downtown… writes Robert Gibbens… Montreal.

Water supplies

THE basic data about… supplies and the rationa… water are inadequate fo… sectors of the world's la… face, and there is … question" that deman… have to be curbed in… instances in the near… according to a report p… by UN experts, … UN correspondent … Decisions about future… management are riddl… uncertainty and frustr… large margins or error… derived from ina… observation network… equally inadequate m… analysis, the report sa…

The report was prep… the UN Water Confer… be held next March.

Nigel Carson in New York reports on a new American fad

Collectively canned

THE AMERICAN pack instinct, the ever present desire for new hobbies, and a touch of bicentennial nostalgia have combined to produce an unlikely new breed of collector, of the humble beer can. *Followers of this bizarre* fancy are estimated to number at least 500,000, as against only a few hundred six years ago. Although the field has been relatively free of profiteering, an element of speculation can now be seen. Cans which could have been bought, including contents, at the corner grocery store for no more than 30 cents (17p) in the 1960s are now fetching as much as $200 (£120), empty, as collectors' items.

Beer can collectors' clubs are sprouting like mushrooms in many parts of the U.S., each with its newsletter and regular trading "canventions." The *largest club is still the first one*, the Beer Can Collectors of America (BCCA), established six years ago in St. Louis, Missouri, one of the main American brewery centres, with six founding members. Membership since then has swelled to about 10,000, nationwide, and its sixth annual conference, to be held in Philadelphia in September, is expected to attract more than 2,000 "canventioneers."

If any cash changes hands at this canvention, it will have to be on the sly. The BCCA frowns on that, and will only permit bartering at its functions. The club's elaborate rules of etiquette, in a handbook, suggest ratios for swaps. For instance, currently produced cans of small local brewers at opposite ends of the country should be exchanged only on a one-for-one basis, while an early type of can, the cone top, may be traded for eight current but obscure cans.

A can akin to the modern beer can was perfected in 1933, but it was slow to catch on. For one thing, it had to be opened with a special device. Early cans even had printed instructions explaining how to get at the contents. The cone top can, which had a screw top, was produced until about 1950.

As in any collector's hobby there are counterfeits. The old cone tops, designed to permit filling with conventional bottling machinery, resemble cans still used for petrol additives, and some people have been duped with imitations assembled by soldering additive spout tops to conventional flat tops.

Although cans do not break, take up less space, and cool faster, they accounted for only a tenth of the market in 1941 and a quarter in 1953. It was not until 1969 that they finally surpassed bottles. Their increased popularity followed the development of an improved tab pull top. Beer drinkers joked about the hazards of the sharp, hard-to-pull early tabs: "Twelve ounces of beer and a pint of blood." Cans with ring pull tops now are firmly established as the beer containers of choice.

Among collectors, obviously, scarcity makes for value. A Pennsylvania brewer came out with "Playmate" malt liquor. Production stopped almost instantly because the magazine Playboy obtained an injunction against the manufacturer on grounds of unauthorised use of a corporate name. *Similarly, the* town of Amana Colonies, Iowa, won a suit against a brewer who targeted his product for their area by calling it "Amana." A beer can merchant heard of the legal action and flew from St. Louis to buy 250 cases of "Amana" beer, extinct one week after introduction. He paid $10 a case. Within two months he sold 200 of the cases for about $55 each.

Sometimes, the failure of a particular beer merely because it tasted bad has made cans valuable. During the 1960s, one Arizona brewer sought to capitalise on the James Bond *craze by producing* "James Bond's 007 Special Blend." The beer didn't make it past the test marketing stage. But anyone who saved the cans honouring the spy licensed to kill has indeed made a killing. A single can now sells for $200 on the collectors' market.

James Bond cans sported pictures of the type of exotically beautiful women whom he was said to favour, and selling products with pictures of attractive women is a common ploy. During the 1950s one company which sells its beer in the New York City area, depicted a different *beer can girl on its product* every year. Those cans are now much sought after.

Ugliness can also be rewarding to either brewer or collector. "Olde Frothingslosh" is a beer produced in Pennsylvania around Christmas every year as a gag item to bolster sales. It carries the picture of a Miss Olde Frothingslosh, a very overweight woman in a bathing suit. The limited edition brand is advertised as "The Beer with the Head on the Bottom."

An obsolete Chicago brand with the unglamorous name "Bullfrog" came in cans so unattractive that few drinkers would ever have wanted to keep them. This can is now very hard to find, and hence quite valuable.

During World War Two, one company produced beer for camouflaged soldiers. Most of those brown and khaki cans apparently were left in the woods and on the beaches they were intended to blend in with. As a result, they also are valuable. One brewer sold "Soul" beer in the black Los Angeles ghetto area of Watts. The beer was not long produced, and now is so rare that collectors scour the Los Angeles city rubbish dump in hopes of finding discarded "Soul" cans.

Beer can collecting is still in its early stages, and there are as yet no fixed, easily determinable values for cans. An all-colour, two-volume guide with photographs of about 3,400 cans has been published. Although the absence of firm price quotes generally helps to maintain this hobby as a pastime, it also presents problems. Some collectors believe their collections have increased in value by up to ten times within three years. Some large collections are now worth tens of thousands of dollars. Thefts are reported becoming a problem, but since no way exists to assess value, it is impossible for collectors to buy insurance.

> One can carries the picture of a Miss Olde Frothingslosh, a very overweight woman in a bathing suit.

John Ahrens is immortalised in The Guinness Book of World Records as owner of the world's largest collection—some 11,000 cans. When he moved from Ohio to New Jersey three years ago, the 6,000 cans he had then accumulated weighed 500 lbs. In 1965, he and some other students at Yale University competed to see who could find the most brands of beer. Afterwards, he saved one can of each brand, and thus began his hobby.

Rubbish dumps are a prime hunting ground for afficionados. Another important source for the old, rare, and valuable beer can is the space between the inner and outer walls of buildings. American construction workers are notoriously fond of taking beer breaks, and to conceal this from foremen, they hide the empties in the wall space. An abandoned railway station, in Owl's Head, New York, proved a gold mine for one dedicated can collector. The stationmaster for years had discarded thousands of his empties through a hole in the ceiling.

Cans discovered in city dumps, between walls, or just by the roadside may not always be in the best condition. Ingenious collectors have found … making good. Battered … beer cans may be str… out by small firecracke… but lethal shrapnel resu… technique is used with al… cans. Rust is removed… ping cans in a weak o… solution.

Brewers, particula… smaller ones under co… pressures from larger… encourage the collectin… Some provide facilities… meetings, and even free… conventions. Brewers b… that by constantly cha… designs of their cans, … promoted, if not to th… public, at least to colle…

A Philadelphia compa… ducing five successive … nial beer cans with rep… of different famous … recalling significant e… early American histo… design depicting Cornw… rendering to Washingt… likely to foster a preva… conception about Ame… tory. The facts are … British general, humi… defeat, sent his seco… mand to surrender, … American Commander… responded by sending …

Since no more tha… copies of this fifth and … production of which is … in September, will be … it seems unlikely that … inaccuracy will che… increase in value. T… brewer produces "Tig… sold in Nigeria, with a … content higher than Am… mits for domestic use. T… are changing hands … apiece.

Collectors dispute wh… tutes a discernible vari… Some look for vari… colour shading, seam w… tax stamps. The ad… postal codes to … addresses on otherw… changed cans led some… to collect before a … examples of each. A f… tors insist that beer ca… contain beer, and … cause problems. H… Ahren's 6,000 cans been … he moved to New Jer… would have weighe… 5,000 lbs.

Should environ… manage to push pa… legislation banning … cans, which now litter… roadsides and parks, … ing containers might … value. Failing that, … can collectors can help … up America and help … financially by gather… potentially valuable ga…

THE FINANCIAL TIMES, published … Sundays and holidays. U.S. … $167.00 (air freight) $334.00 (… annum. Second class postage … York, N.Y.

)VERSEAS NEWS

ganda rations
iel, bans all
ivate motoring

NAIROBI, July 22.

iANDAN Government ved a cut-off of petrol to private motorists her notice "due to the rtage of fuel," Uganda iounced to-day.

a new rationing order, l diesel fuel will only ed to essential users, said in a broadcast here.

's petrol shortage has ting worse in recent d President Idi Amin d it on an alleged re- neighbouring Kenya to ol and other necessary o move to his land- ntry.

denies operating a against Uganda. Rail- ls in Nairobi say traffic line to Uganda from an coast is moving although many loco- d wagons are disabled lack of spare parts.

andan rationing order to-day follows the im- f limited restrictions s month when petrol roughout Uganda were close between 7 p.m.

ential users who will l petrol or diesel fuel ctors on duty. Govern- ment departments, industries and schools, Uganda Radio said.

Bus operators will also receive fuel supplies, but the radio gave no indication of what quantities would be available.

The French airbus hijacked to Entebbe with more than 250 people aboard by pro-Palestinian guerillas over three weeks ago left Uganda to-day for Paris, the Nairobi control tower said.

Meanwhile, Britain's acting High Commissioner to Uganda, Mr. Eustace Gibbs, is to be called to the Ugandan Foreign Ministry to explain why he was appointed without consultation with the Ugandan Government, Uganda Radio said.

Reuter

UPI adds: A reported mutiny in the Ugandan army spread to more units to involve more than a quarter of President Amin's 12,000-strong army, Kenyan news reports said.

Uganda Radio reported that six people, including four "ranking" officials, had been arrested on charges of subversion and faced a firing squad is found guilty by a military tribunal.

Kenya's official Voice of Kenya Radio said Kenyan truck drivers were continuing to be robbed by rampaging Ugandan troops.

veto schools re-open

JOHANNESBURG, July 22.

'DS of black students o school in the African around Johannesburg ria to-day but wide- enteeism was reported. officials in Soweto near Johannesburg, pupils had apparently aard of the announce- erday that the schools ve weeks ago after the of anti-Government ld reopen to-day. The ft 176 people dead and 1,000 injured. ustice Minister James nounced the resump- classes. Government id he had been con- y black community leaders that a continued closure would lead to further violence.

During the night, two schools were damaged by fire in the big Soweto township complex, where clashes between students and police at a protest march led to the bloody June riots.

Meanwhile police used teargas early to-day to break up a stone-throwing crowd of about 200 blacks in an African township outside Carletonville, a mining town 40 miles southwest of Johannesburg. Police said the blacks attacked vehicles belonging to the local administration board and had to be dispersed with teargas. No injuries were reported.

Agencies

no-Japan dispute

ARLES SMITH

TOKYO, July 22.

AS abruptly postponed ch of a mission to dis- ping relations with parently as part of its display of annoyance nt remarks by the Foreign Minister, Mr. azawa.

ission should have Tokyo last Tuesday but told three days in y the Chinese that it be coming. A Foreign pokesman said to-day had declined to give r putting off the talks elay appeared to be l." Sources in the hipping industry who to get agreement on shment of a Japanese aison office in Peking the Chinese measure l."

ponement of the ship- is one more piece of hat China is angry independent and out- ure recently taken up azawa on two sensitive iese are (1) the nor- of U.S.-China rela- which Japan has im- t opposes hasty action Chinese support for Japan's "Northern island" territorial claim against the Soviet Union which Japan has apparently found embarrassingly enthusiastic.

The Japanese Ambassador in Peking was summoned by the Chinese Foreign Ministry early this week and told of China's "deep regret" over the Miyazawa statement. The Ambassador seems to have offered in return a considerably toned down version of the original statement.

According to this version, Mr. Miyazawa simply said that Japan understood the U.S. to be "basing its position towards Peking on its appreciation of the current situation in south east Asia" and added that Japan approved of this. Such a vague statement would hardly seem to be offensive to the Chinese. But there seems no doubt at all that Miyazawa originally said something a good deal more forthright.

On the northern islands issue, Japan has told China that it does not want either China or the Soviet Union to make "accusations against each other on Japanase territory."

ıanon rescue attempt

BEIRUT, July 22.

AGUE peace-keeping ned a human buffer veen Moslem and gunmen in Beirut on facilitate the evacua- 80 wounded from the Palestinian refugee

ss spokesman Jean said his organisation to send a convoy to nost seriously injured ie estimated 1,000 n the camp, besieged n Right-wingers for a

bite-helmeted Arab e, mostly crack Saudi aratroopers plus a of Libyan soldiers, the no-man's land " area on Wednesday ristian mortar and that ripped into a nlookers.

scus. Palestinian guer- met Syrian officials in key peace talks, but fighting continued in Lebanon.

The ultra-right-wing Tigers massed around the Moslem suburb of Nabaa in Christian-held Western Beirut and shelled the enclave in what appeared to be the start of a new Tal Zataar-style siege, reliable left-wing reports said.

Right- and left-wing militiamen battled in the ruins of the city's port district, around the Moslem-held city of Tripoli 51 miles to the north and in the central mountains east of the capital. But neither side claimed major gains.

A U.S. Embassy spokesman said a new date for the evacuation of more than 400 Americans and other foreign nationals would probably be announced on Thursday.

The evacuation was to have taken place on Tuesday but was postponed because of fighting along the planned convoy route to Damascus.

UPI

nila offshore banking

MANILA, July 22.

ERNMENT hopes to ines for the creation banking in the Phili- dy in time for the k-IMF annual meet- October, senior bank- said.

ped the opportunity ilable then to discuss operations with lead- s attending the meet- irces said.

s unlikely that such could start before it was added.

ces said foreign banks erating here on the arket might have to d from the offshore is otherwise Philip- stic banks—which are excluded—might find themselves at a disadvantage.

However, their foreign affiliates would probably be able to take part provided they met the regulations.

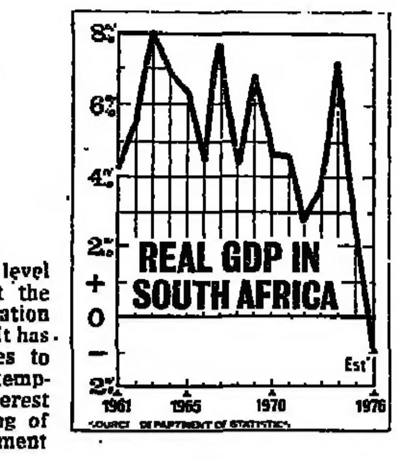
Although offshore funds may be channelled into investment in the Philippines, all money will have to be raised and largely used overseas. Reuter

ON OTHER PAGES

SOUTH AFRICA'S ECONOMIC PROBLEMS

Pretoria begins to panic

BY GRAHAM HATTON IN JOHANNESBURG



AFTER 15 profitable years, South Africa's post - Sharpeville economic advance seems finally to have ground to a halt. Unemployment (on one definition) is threatening to go above 2m. (20 per cent.); annual Gross Domestic Product seems likely to fall for the first time in the post-war era; inflation stubbornly refuses to fall below double digits; and the rand is under increasing pressure.

As the usually optimistic Reserve Bank sombrely declared in its latest quarterly bulletin: "At present the South African economy is faced with an unfavourable balance of payments, a rate of inflation which is still too high and a relatively low rate of economic growth." It might also have added an unfavourable political climate.

The Government is doing its best to bolster confidence by stressing the economy's long-term potential, particularly its large mineral resources, but businessmen are not impressed. On the balance of payments, for instance, official predictions have been pointing to an improvement for as long as many businessmen can remember. In his last budget, the Minister of Finance, Senator Owen Horwood, claimed that there was "every reason to expect that the deficit on the current account will be substantially lower in 1976 than in 1975, particularly during the later months of the year. A deficit of this order should be covered by a normal inflow of capital."

Those businessmen, however, who took their cue from various market barometers (the Johannesburg Stock Exchange, the floating exchange rate for securities rands, yields on South Africa's overseas bonds) thought they knew better—and they were right.

Since March, the drain on the foreign reserves (financed largely by excessive Government spending, which in turn has been financed by the printing press) has gathered momentum. And now the gold price has plunged. A panicky Government has slapped on an import scheme, in effect admitting that its fiscal and monetary policies are not working.

Importers will be obliged from August 2 to deposit 20 per cent. of import values before goods can be cleared. The deposits are to be for six months, interest-free with the Reserve Bank. Exemptions include oil, Government goods (but not the imports of public corporations) and certain capital goods. Also exempt are imported goods for re- export and the imports of Botswana, Lesotho and Swaziland, which comprise a common customs union with South Africa.

The definition of capital goods is going to cause a problem, but the rule is that before you get exemption you have to obtain a certificate from the Secretary for Industries, Mr. Philip Theron. No guidelines have been published, but Mr. Theron yesterday said that exemptions would be granted virtually automatically for items destined for "genuine new development projects." If goods are needed for a major extension "we'll have a look at it,' he added. All imported replacements for existing equipment will come under the net, however.

Stockpile

One of the interesting points about the scheme is that many importers saw it coming, or at least they expected some other impost, which might have been devaluation, import control or an import surtax. They therefore stockpiled heavily so that in the first half of this year the import bill soared. Those who did stockpile are now smiling. The new measure puts a useful premium on their inventories. Once again, they are boasting, market indicators have been vindicated.

Perhaps it would be useful, then, to see what the indicators are saying now. Certainly, the stock exchange is still in the doldrums and you can buy securities Rands for only $0.71 against the official commercial exchange rate of $1.15. But perhaps the critical indicator is the trend in the gold and foreign exchange reserves, which can swing wildly one way or the other, depending partly on currency speculation.

The latest published figures (last Friday's) show the reserves at R754m., more than R450m. down on their level four months ago. Half of the total comprises gold stocks valued at their official price—were one to value these stocks at their current market price the reserves would be worth R1.684bn. But against that figure one would have to offset the short-term foreign liabilities of the Reserve Bank and other banks. At the latest published count (March) these were R1.352bn. In other words, the country is dangerously short of international liquidity and needs long-term (or at least medium-term) foreign funds to shore up its defences.

In the June quarter the net inflow of foreign capital was apparently nil, which is not surprising in view of the political climate. With a current account deficit that is likely to run at between R80m. and R160m. a month between now and Christmas (import deposit scheme or not) failure to attract medium-term foreign funds in the coming months could seriously damage confidence.

The chief hope is that the treasury will soon put the finishing touches (if it has not already done so) to a large syndicated Eurocurrency loan, even though the rate of interest would be scarcely likely to bring much cheer to the South African taxpayer. There is also talk of another drawing at the International Monetary Fund, where South Africa has already drawn the bulk of its first credit tranche.

How is it then that South Africa has landed itself in this mess? After all, it cannot only be that the price of gold has plunged: yesterday's London fixing price is still more than three times higher than five years ago, when the only price was the official one of $35.

One might find a clue by surmising what would happen to the economies of the OPEC countries if the price of oil were now to decline by more than 40 per cent. (as the price of gold has done since its peak 18 months ago). To be sure, their oil revenues would still be considerably higher than pre-October 1973 levels but their expenditure levels have in the meantime soared. And indeed they have done so in South Africa.

In particular, the Government, both in 1974 and 1975, became the victim of its own pro-gold propaganda and boosted State expenditure levels accordingly. At the end of 1974, when gold was at its peak, the Minister of Finance predicted an average of $200 an ounce in the period ahead. State spending in subsequent budgets reflected this optimism.

Besides boosting defence spending, the authorities pressed ahead with many massive capital-intensive projects: new power stations: uranium enrichment: freeways: a costly, non-commercial television service: Jumbo jets and airbuses: the huge Saldanha iron project (instead of the much cheaper St. Croix proposal): a giant new oil-from-coal scheme: the Pretoria Opera House: the palatial new Rand Afrikaans University: and so on. The result was that the rate of inflation soared to double digits and the import bill increased nearly three-fold in three years.

Until now the Government has refused to face the financing consequences of so high a level of spending. Hoping to get the maximum economic acceleration from Government outlays, it has been tardy in raising taxes to pay for them. And it has attempted to keep a lid on interest rates through a whole string of decrees in the Government Gazette.

Even Wednesday's rise in bank rate was a belated recognition of market forces, and sceptical observers note that it has not been accompanied by a lifting of the usury ceiling (so that the margin between minimum and maximum commercial bank overdraft rate is now less than 1½ per cent.). Deposit rate control is still being enforced to prevent the politically sensitive home mortgage rate from rising, and the latest Treasury attempt to float a domestic loan failed disastrously because the Government refused to offer anything like a realistic rate of interest.

Deficit

In two years, the Exchequer deficit leapt from R400m. to R1,400bn., with R500m. of the latter being financed by the banks. Finance Minister Owen Horwood trimmed the growth of Government spending and raised taxes in his March budget this year, but even so the printing presses are rolling just as fast as during the past fiscal year.

Indeed, in the past three months they have been rolling faster than ever. In April-June Government spending was 44 per cent. (R700m.) higher than a year earlier and probably the whole increase was financed with bank credit. Businesses who received the cash used much of it to settle outstanding foreign bills so the foreign reserves crashed. They were hardly encouraged to raise money abroad.

Obviously, no one will be convinced that the Government can avoid a devaluation if it persists with this sort of housekeeping, and sooner or later the pressures to cut the exchange rate would become irresistible. Fortunately, there are some positive signs. Steep personal income tax increases come into effect at the end of this month and there are indications that the rate of increase in Government spending is falling. Indeed if Senator Horwood sticks to his March budget, not a single cent of new cash will be issued by the Treasury in the coming nine months, as the full quota and more was issued in the first three months of the fiscal year. That is a big if, especially to anyone who cannot mind-read the Minister of Defence, Mr. P. W. Botha. In the three months to June, disclosed defence spending totalled R392m. and who is to say where it will end?

The one thing that could of course pull the economy out of the mud would be a sharp improvement in the terms of trade and particularly in the price of gold. Failing that, the going will be exceedingly tough, with no hope of reflation until the current account of the balance of payment is reduced, by recession, to a level that can be comfortably financed by net inflows of long-term capital. And it looks, in the meantime, as if there could be bankruptcies and much more unemployment.

Andreotti starts new talks with Italy party leaders

BY ANTHONY ROBINSON ROME, July 22.

PRIME MINISTER designate Giulio Andreotti to-day started another round of contacts with leaders of all the political parties except the Neo-Fascist MSI on the basis of a 54 page draft Government policy programme. The document is the fruit of an earlier round of negotiations aimed at establishing the areas of common agreement on what needs to be done. Sig. Andreotti is pressing on with the task of trying to form a Government even though both the Social Democrat and Republican Parties have indicated that they too, like the Socialist Party, will probably abstain rather than openly support such a Government in Parliament. Under these circumstances the only way for such a Government to survive would be for the Communist Party also to abstain, rather than vote against as it has over the last 30 years during which it has been the principal opposition party.

A decision to abstain would still leave the PCI formally in opposition but in such a way which left no doubt that the Government's survival depended on its benevolence. Such a situation would be highly distasteful for an important section of the Christian Democrat Party and would blur that distinction between opposition and Government which continues to be the lynch pin of Christian Democrat thinking.

But Sig. Andreotti is believed to be looking beyond this initial government to the autumn when he hopes it will be possible to reinforce it through negotiations with the Socialist and other lay parties. At present there does not appear to be a substitute for Sig. Andreotti's efforts although Communist and Republican Party leaders met together yesterday and political Rome is starting to talk of possible attempts to persuade Sig. Ugo La Malfa or another non-Christian Democrat leader to try to form a temporary government if Sig. Andreotti fails.

Meanwhile Sig. Andreotti is carrying on with hi sdiscussions on the basis of his draft programme, which concentrates on practical measures to reform the judicial system, the secret service and military discipline, increase the efficiency of the public administration, keep a tight rein on the public sector deficit, improve co-ordination between the central Government and the regions and make the Italian administration more responsive to European Community regulations. Europe plays a big role in the overall strategy with attention on the 1978 direct elections to the European Parliament.

The policy document underlines the broad consensus between all the parties on foreign policy where all, including the Communists, agree on the European Community, Nato, direct elections and active participation in the European Parliament and the need for a greater Community involvement in Mediterranean affairs, the Euro-Arab and North-South dialogues.

The document proposes a reinforced role for the economic advisory body which it proposes should become the motor for a greatly strengthened economic planning capacity with the aim of raising investment to the same proportion of GNP as in France and West Germany. It proposes a restructuring of the Foreign Trade Ministry in the context of more effective export promotion, priority for agricultural development, the south and industrial investment. It specifically recognises the need for structural changes in the economy and the public sector in particular and priority for measures aimed at reducing tax evasion by changes to the VAT collection system and the institution of an effective income-tax policing system through detailed checks on a certain proportion of returns chosen at random.

Meanwhile parallel negotiations are taking place here over the chairmanship of the important Parliamentary Commissions —26 in all for both houses. The Communist Party has already secured the chairmanship of the Chamber of Deputies in the person of Sig Pietro Ingrao and is now demandig the chairmanship of at least eight committees.

THE Government Statistic **Bureau announced on Thursday that Italy posted a revised balance of trade deficit of L509.5bn. in May, more than three times the May 1975 deficit of L134.8bn. reports AP-DJ.**

The trade deficit for the first five months of the year came to L2,582bn., of which L2,511bn. was due to fuel imports, compared with a deficit of L859bn. in the like 1975 period.

Suarez 'violates pledges'

BY ROGER MATTHEWS MADRID, July 22.

SPAIN'S main opposition alliance, the Democratic Co-ordination, to-day issued a strong statement accusing the new Government of having already violated the pledges made at its first policy declaration a week ago.

"In its first few days of office the Government has persistently abused democratic rights and freedoms. It has broken up meetings of the Democratic Co-ordination especially with regional parties, it has refused authorisation for demonstrations and used force to disperse others, and has continued arresting people for political or labour reasons. Its actions are a denial of its promises," the statement said.

Left-wing and middle-of-the-road opposition parties have been especially embittered by the shooting of a young man in the northern Asturias region yesterday. The para-military Guardia Civil opened fire when they saw a man, a member of the Socialist-linked trade union UGT, painting slogans on a wall.

The UGT was the first trade union to be permitted to hold a congress in Madrid since the death of General Franco and as such was clearly being given a large degree of official tolerance.

The liberal daily newspaper El Pais claimed in a major article this morning that the regime was adopting a harder line towards street demonstrations in spite of the more liberal legislation now in force, and this has almost immediately been confirmed by the decision of the Ministry of the Interior to ban a march in Barcelona to-morrow in support of a political amnesty.

However, the Assembly of Catalonia, which represents most of the opposition forces of the region, says that the demonstration will go ahead. Clashes with riot police therefore seem assured.

Dublin fears Provo campaign as hunt grows

BY GILES MERRITT DUBLIN, Ju[ly 22.]

AS IRELAND'S largest-ever manhunt for the murderers of British Ambassador Christopher Ewart-Biggs and Northern Ireland Office secretary Judith Cook went into its second day, there was a growing speculation here that the assassination was the spearhead of a Provisional IRA onslaught against the Irish Republic.

Although the 4,000-strong Garda search operation has not traced the three-man murder team spotted at the scene of the explosion outside the ambassador's official Residency, indications are that the assassinations were the work of a sizeable Provo organisation with culvert bomb "specialists" brought in from South Armagh in Northern Ireland.

Police and army operations to-day centred on the Greater Dublin area and the sparsely populated Wicklow Mountains to the south of the city. Irish Government sources concede that the longer the killers remain undetected the better their chances of escape.

The Ambassador's murder has inevitably introduced a fresh note of tension into relations between Dublin and London, and the Irish authorities now believe that this was the murderers' intention. However, both Governments are intensifying high-level official contacts in an effort to prevent the outrage from souring relations, with Britain expected to act quickly in finding a successor to Mr. Ewart-Biggs who could take up his duties within three months.

Suggestions that the murderers' aim might be a gambit by extremists in an internal IRA power-struggle are being firmly discounted. The murders are now thought to have been designed to force the Dublin Government into hastily declaring a clampdown on the Republican movement, an action which might revive the movement's failing support throughout Ireland and Ulster.

At the end of February, following the Irish Government's dramatic de-fusing of the IRA "rites" planned for dead hunger-striker Frank Stagg, the Provisionals threatened Dublin with a massive terror campaign. The subsequent failure of its British mainland bombings and its lack of success in Northern Ireland this year suggest that the Republic may become the chief target.

Thirteen senior Provisional Sinn Fein leaders were to-day being held in Dublin by the Garda Special Branch, following late-night arrests, while the Provisionals' alleged Chief of Staff, Mr. David O'Connell, was to-day charged with IRA membership and will be tried next week, and possibly sentenced to a year's imprisonment.

The Dublin Government's first line of action is expected to be the expansion in use of the no-jury Special Criminal Court and possibly the setting-up of a second court, and the proscribing of all Provisional Sinn Fein public demonstrations.

However, if the Ambassador's killing proves to be part of a major Provisional IRA terror drive—and it follows last week's dramatic bombing of the Special Criminal Court here and a wave of hotel bombings that is now thought to bear the hallmarks of Provo rather than Ulster Loyalist planning—internment and the banning of all militant Republican organisations could be the response But the tougher Dublin's reaction, the more likely Anglo-Irish relations may be strained.

In their overall attitudes to Ulster and the need for Britain to remain there, both Governments are as one. But the re-introduction of internment in Ireland so soon after its ending in Northern Ireland would put the Governments out of step, as would the proscription of Provisional Sinn Fein in the South alone.

The most serious political trap that threatens both Governments, however, is probably th[e] question of capital pun[ishment] in Ireland. Mr. Liam C[osgrave's] Government has been [...] clear that the Premier's [...] tion that the "full rigour [of the] law" would be applied [to the] murderers means that th[e] punishment charges pro[vided] under 1964 legislation w[ould be] pressed.

The Foreign Office in L[ondon is] known to have been conc[erned at] the possibility that the [...] lodged by Noel and Ma[rie Mur]ray, the young marrie[d couple] convicted of murdering [a police]man during an "anarchi[st" bank] raid, would fail and that [one] at least would be hange[d].

Following Britain's w[ithdrawal] of its Ambassador to [...] protest against executio[ns, there] has been speculation i[n Dublin] that Mr. Ewart-Biggs wo[uld have] been briefly withdr[awn in] response to public op[inion in] Britain. The executio[n of the] Ewart-Biggs' murderer[s would] clearly pose an intractal[ble prob]lem to the British Gov[ernment].

Commission, Japan to hold trade talks

BY ROBIN REEVES BRUSSELS, July 22.

THE JAPANESE Government has agreed to hold official discussions with the European Commission, aimed at removing non-tariff barriers to EEC exports to Japan. This follows the recent visit of Mr. Finn Gundelach, the Brussels Commissioner for internal market affairs, to Tokyo, who impressed on the Japanese authorities the growing frustration of European exporters trying to sell in Japan and the growing imbalance in trade between the two areas.

The Common Market's trade deficit with Japan is forecast to rise as high as $4bn. this year, compared with $3.2bn. in 1975—out of a total trade of $8.2bn. Mr. Gundelach told the Japanese Government that unless a better trade balance was achieved—by the preferred method of increased EEC exports—then pressure for protectionist measures against Japanese exports to the Community would inevitably grow.

The Commission has two particular sectors in mind, pharmaceuticals and processed foodstuffs. But it is ready to extend the discussions to other sectors given concrete evidence of non-tariff barriers.

EEC-Japan talks on the barriers to greater exports of European cars to the Japanese market are already under way following Commission representations last October.

Irish pay talks in September

BY OUR OWN CORRESPONDENT DUBLIN, Ju[ly 22.]

THE IRISH Government is now committed to autumn negotiations on a wide ranging equivalent of the British "social contract," covering such aspects of economic and social strategy as incomes, employment, investment development taxation and welfare.

A special conference of the Irish Congress of Trade Unions has been called for September 11, to consider the Government's proposals to pay interim pay increases of between £3 and £5 a week on condition that the unions enter into these negotiations.

Th Congress's executive committee has recommended acceptance and it is thought that the conference will approve the proposals, unlike the draft national wage agreement which was narrowly rejected by the unions recently.

It was this rejection which forced the Government to make its proposals in a bid to avert the damaging effects of a free-for-all on wage costs and inflation.

The proposals will provide only a short breathing space, however. Indeed, with the conference scheduled for September 11, the curious situation will arise that the increases, which will be backdated, will expire again for many workers a few weeks later on November 1.

Everything will depend, however, on the success of the negotiations in achieving something like the present Br[itish] policy over the next tw[o ...] It was the success of th[e ...] which upset all the cal[culations] of government, employ[ers and] unions about relative [...] rates in Britain a[nd the] Republic.

It will clearly be di[fficult to] reconcile the interests [of the] three participants, b[ut] more fascinating may [be the] attempts to reconcile c[onflicting] views within the government itself.

It has become inc[reasingly] clear that the minority [Labour] Party favours much gre[ater] participation in development than the conservative, Fine Gael willing to contemp[late at] present.

Britain rebukes EEC for spending estimates

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, July 22.

THE BRITISH Government has applied pressure on the European Commission to dissociate itself publicly from estimates by Commission economists indicating that the U.K. public sector borrowing requirement this year could fall substantially below the Treasury's 12bn. forecast of last April, according to EEC sources here.

However, a prepared statement issued by the Commission spokesman to-day fell far short of a denial that such estimates exicted or that they had been communicated to the Treasury in advance of the recent publication of the Commission's guidelines on member states' budgetary policies.

The spokesman said that the Commission "declines all responsibility" for the figures attributed to it in recent Press reports and stressed that it had not advanced them formally. But under questioning he conceded that such figures could have been brought up in the course of discussions with the Treasury in the EEC Economic Committee.

According to Commission sources, the British Government had displayed undisguised embarrassment at the publication of the figures, and particularly the exploitation of them by the Left-wing Tribune Group, at a moment when the Cabinet was immersed in controversial discussions about planned expenditures cuts.

The economists' estimates—portrayed incorrectly by the Tribune Group as official Commission forecasts — suggested that the public sector borrowing requirement could be as low as £9.2bn. this year and could fall by about a further £1bn. in 1977-78.

German bank holding curb ur[ged]

BY ADRIAN DICKS BONN, J[uly 22.]

WEST GERMAN banks' extensive shareholdings in non-banking companies should in future be restricted to no more than 5 per cent. of the voting rights, the West German Monopolies Commission proposes in its first report on the development of concentration of ownership.

"Holdings by banks in non-banking sectors falsify competition between banks," the Commission writes. "In particular, they lead to the establishment and consolidation of 'house bank' relationships, and thus lead to privileged participation in foreign, consortium and deposit business. Such results can be felt with holdings of 5 per cent. or more."

The Monopolies Commission, set up by the Government two-and-a-half years ago after the enactment of the new Cartel Act, has been carrying out detailed research into the energy sector as well as banking. Concluding that concentration has gone far enough there, too, it recommends that the State-controlled energy giant Veba be prevented from making any further acquisitions.

In a guarded response to the report to-day, Herr Hans Friderichs, the Economics Minister, said it would need to be closely studied by the Government before any proposals for new legislation could be considered. There is clearly little chance that the present coalition can give much time to such potentially divisive issues before the Bundestag elections in October.

Thereafter, and assuming that the Social Democratic-Free Democratic Government retains office, Herr Friderichs or his successor would doubtless want to wait for the separate conclusions of the commission of inquiry into the banking sector before making any move to change the present law.

The Monopolies Commission deals with the view often expressed by German bankers that they do not seek to exercise power in companies. It argues that banks, on the contrary, are obliged to assert themselves by the fact that they do own so many shareholdings and sit on so many supervisory Boards. The report argues that the result is a conflict of interest fo[r ...] and a lessening of ec[onomic] information for all sha[reholders].

The Commission rec[ognises] that as a practical m[atter pre]sent shareholdings by [the] industry would have [to be left] alone because of their [...] but that in the fut[ure banks] should not hold more [than 5 per] cent. of any non-ban[king com]pany. They would als[o be ex]cluded from taking up [more than] 5 per cent. of a capit[al ...] by a company in w[hich they] already hold shares.

The only exceptions [the Mono]polies Commission fe[els ...] nbe for "near banki[ng busi]nesses such as leasin[g, or] temporary transactio[ns carried] out by bankers as p[art of a] reorganisation or re[scue of a] company.

Guerilla escapes arres[t]

BERLIN, J[uly 22.]

WEST BERLIN officials, heartened by the arrest of an escaped woman urban guerilla, expressed the hope on Thursday that they would pick up three more still at large.

The arrest of Monika Berberich, 33-year-old legal clerk, as she was taking an evening stroll on Wednesday increased the confidence of Mayor Klaus Schuetz that he would survive a confidence vote in the West Berlin City Assembly on Friday.

The opposition [Christian] Democrats have alre[ady ...] out Deputy Mayor [...] Oxfort, a Free Dem[ocrat, who] was in charge of ci[ty ...] They assert that S[chuetz, a] Social Democrat, s[hould] take responsibility fo[r the July] 7 escape of the four a[nd ...] an escape that rec[...] Germany only thre[e ...] before parliamentary [...]

UPI

Market MPs to seek social fund boost

By David Curry BRUSSELS, July 22.

THE EUROPEAN Parliament has served notice on the Common Market Governments that it is likely to press for substantial increases in the funds to be devoted in 1977 to social measures to combat recession and unemployment in the Community.

Lord Bruce of Donnington, rapporteur of the budgets committee, and a member of the parliamentary delegation which met Ministers to-day to discuss the first outlines of the 1977 budget, said he could envisage Parliament wanting to double the 185m. units of account which the Commission estimates will be spent on the social fund in 1977.

He admitted, however, that his plea that Community spending as such should not be subject to the demands of domestic deflationary or expansionist policies in member states received an unenthusiastic reception.

He also made the point that Ministers appeared to raise no objection to letting agricultural expendtiure go unchecked but were restrictive when it came to spending which would benefit non-farm workers who were grievously affected by the recession.

Parliament kept its options open on the extent to which it would press for increases in the total budget. This factor is complicated by the change to a method of separating money to be spent in 1977 from money merely to be committed. Previously all money destined for a programme has gone into the budget with the unused portion rolled over into the next budget.

The effect of this has been to decrease certain categories of expenditure for 1977 However, Parliament has a treaty right to expand the budget over the previous year's budget by a set amount.

Turkey about to start Aegean sear[ch]

BY METIN MUNIR ANKARA, [July 22.]

WESTERN DIPLOMATS here believe that the risk of a confrontation between Turkey and Greece over the Aegean dispute is low.

Many Nato states, including Britain and the U.S., have urged caution in both capitals and are hopeful that their counsels will prevail. They expect Turkey, which is launching a programme of Aegean seismic soundings opposed by Athens, not to venture in highly disputed regions and Greece not to interfere with the Turkish vessel, "Sismik 1—Hora."

Turkish Prime Minister Suleyman Demirel to-day said here that the Hora would be turned over to the Ministry of Energy to-morrow and "God willing," sail for the Aegean on the same day.

He stressed that Turkey had the right to conduct seismic studies in "high seas and the Turkish territorial strip in the Aegean" and that "nobody can prevent this."

But, presumably in order to appease Athens, he added that the scientific work would not affect the status of the continental shelf in any manner. "The continental shelf is a matter of conciliation," he said. Turkey would "experiment with peaceful means until the end."

For more than two [years the] status of the Aegean [which] lies between Turkey a[nd Greece] has been a subject [of] dispute between the t[wo Nato] allies. Neither side' [s claims is] fully upheld by in[ternational] jurisdiction. Their [efforts at] reaching a private [agreement] proved to be barren.

Greece, humiliat[ed over] Cyprus, does not wisl[h to be seen] buckling under the [pressure of] its stronger neighbo[ur for a] second time. Turke[y does not] wish to be evicted [from the] Aegean and to be c[ut off from] its undetermined [oil] potential.

Reshuffle at MBFR talks

By Paul Lendvai VIENNA, July 22.

THE CHIEF British negotiator, Sir Clive Rose, who chaired the last plenary meeting yesterday at the end of the ninth round of the 19-nation East-West force reduction talks, is not going to return after the summer recess for the next round, which is scheduled to begin at the end of September. Mr. Edwin Bolland, hitherto British ambassador in Sofia, will take over from Sir Clive, who has negotiated for Britain since the talks started almost three years ago. Sir Clive played a very active role at the weekly informal meetings at which the chief Soviet and U.S. delegates, each always accompanied by the delegation chiefs of two to three full participants from Nato and the Warsaw Pact, have been regularly discussing the basic issues involved in force reductions.

When the tenth round begins in September, the delegations of the Soviet Union, Britain and Canada will be headed by new chiefs. Sir Clive, 54, is taking up a new appointment in London.

HOME NEWS

Consumer spending slips in second quarter

MICHAEL BLANDEN

'MER spending slipped in ond quarter of this year ie rise in the first quarter test figures from the Statistical Office appear 1 line with Budget expec

ninary estimates—sub- significant revision when :ails are available—show olume of consumers' ture in the second at about £8.88bn. ally adjusted at 1970 a drop of about ½ per om the first quarter level. slight reduction is consis- h recent figures for retail which account for about nsumer spending. These the early months of the a result of the boost y relaxations in hire pur- restrictions and the sales and showed a temporary increase in a result of the Budget. ll, the level of consumer spending in the first half of this year was about 1½ per cent. higher than in the second half of last year when it reached its trough of the current economic cycle.

CONSUMERS' EXPENDITURE AT 1970 PRICES
(Seasonally adjusted)

		£m.
1975	1st qtr.	9,041
	2nd qtr.	8,839
	3rd qtr.	8,729
	4th qtr.	8,804
1976	1st qtr.	8,912
	2nd qtr.	8,875*

* First preliminary estimate

Source: Central Statistical Office.

The increase, at a time when counter-inflation policies have brought a cut in real incomes, has been reflected in a marked fall in the savings ratio in the first quarter of the year from is previous exceptionally high levels.

However, there is no evidence at present that the savings ratio has dropped further. Figures for consumer spending appear to be in line with the official expectation that consumer spending will play only a minor role in the mainly export-led economic recovery.

Between the first and second quarters, the office reports, expenditure on most items was fairly seady. It is estimated that there was a fall in spending on spirits, offset by increases in spending on beer and wines. There were falls in expenditure on fuel and light and on clothing and footwear. There was a rise in radio and electrical goods.

After the sharp rise in spending on cars in the first quarter, this item also appears to have shown little change in the second quarter, confirming recent indications that recovery in this area has been held.

Orders remain low for engineering and machine tools

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE LATEST Department of Industry statistics show that in the middle of April orders of both the engineering and the machine tool industries remained near their lowest levels.

But the engineering figures continue to suggest the flow of new orders is picking up from the low level reached in the last quarter of 1975. Orders-on-hand, however, continued to fall.

For machine tools the signs could be interpreted as a possible halt in the downward movement of orders-on-hand rather than the beginning of a sustained recovery in their general levels.

The statistics, published to-day in Trade and Industry magazine, show that engineering order books shortened by another 4 per cent. in the three months to the middle of April.

This left orders-on-hand at their lowest point since 1971, with home order books 3½ per cent. down and those for exports showing a 5 per cent. decline over the period as sales continued to outpace the inflow of new orders.

On a three-monthly basis, outstanding orders for the machine tool industry were 8 per cent. down in April compared with January. And against April, 1975, they were 28 per cent. down.

But the intake of new orders in April—at £30m.—was the highest for any month so far in 1976. New orders were also above the deliveries made in the month so that the fall in total orders-on-hand of previous months was replaced by a slight rise between March and April.

On a three months basis, however, the inflow of orders continued, well below sales and order books have probably not yet stabilised.

Since April there has been very little improvement for either the machine tool or the mechanical engineering sectors but some parts of electrical engineering have seen a revival from a very low level of activity.

The industries continue to believe, however, that the export-led recovery will see them emerging from the depths of the recession by the early months of next year.

PRICE COMMISSION REPORT FOR SECOND QUARTER

Rising profits trend forecast for manufacturing industry

BY DONALD MACLEAN

A RISING trend of profits in manufacturing industry is projected by the report of the Price Commission for the second quarter of the year presented to Parliament yesterday.

In the distributive field, on the other hand, there is said to be no evidence that profit margins are recovering in the same way.

The commission says that the outlook on inflation is encouraging, with the underlying trend still showing an improvement. The fall in the value of sterling would delay progress in the counter-inflation campaign, but did not pose insuperable difficulty.

The solution lay in keeping down the domestic rate of inflation, so as to strengthen sterling in due course.

Sir Arthur Cockfield, chairman of the commission, said in introducing the report that behind the relatively optimistic view of manufacturing profit margins was an increase in output and the restriction of costs resulting from the pay policy.

He acknowledged that consumer spending was not matching the rise in output. The increased output was being directed into stock-building and exports (a relatively high profit earner, and outside the provisions of the Price Code).

He expected, however, that the rise in output would "sooner or later" spill over into the distributive field.

Profit margins in manufacturing showed a real improvement in the last quarter of 1975, and although the provisional figures for the first quarter of this year were at a slightly lower level, once account was taken of seasonal and other factors the underlying trend was one of improvement.

But "despite improvements that have occurred, the level of profit margins generally in distribution as well as manufacture is too low in relation to investment to safeguard the future."

The report argues that although there seems to be a levelling-out in the rate of inflation after its recent fall, the underlying trend is still showing a reducing rate.

The Retail Price Index, exclusive of reasonal food, showed an increase of 6.6 per cent. in December, against one of 17 per cent. in June last year. Since December, the figure had shown minor fluctuations and in May stood at 6.7 per cent.

Such figures, apparently indicating little downtrend since December in the inflation rate, "masked" two factors.

The first was that the latest figures reflected Budget tax increases, which had been absorbed without reversing the falling trend.

The second was that—even with the exclusion of seasonal food—prices tended to be somewhat higher in the winter

Benefits

It was because the £6-a-week pay policy offered little further benefit to bring down the pace of inflation—although it had earlier given a major benefit—the "lower figures which have now been agreed for the second stage of the pay policy" were "so important" and should help the downward trend in the inflation rate to be resumed.

The biggest danger to the counter-inflation programme was the fall in the value of sterling. A 10 per cent. fall in the value of sterling produced a rise of about 2½ per cent. in the Retail Prices Index.

The only "real solution" was reduction of the inflation rate, so strengthening sterling and removing the problem "at source."

Profit margins of companies in category One of the Price Code (larger undertakings in their own field) in the fourth quarter of last year had been revised upwards to 56.4 per cent. of reference levels, and showed a "significant" increase from the 50 per cent. for the third quarter.

In the first quarter of this year, profit levels of such companies had fallen back slightly, on a provisional basis, to 56 per cent. But, the Commission points out, its figures are not seasonally adjusted, and profits in the first quarter tend to be low because of the pronounced seasonal pattern in certain sectors.

The apparent slight fall was not evidence of an interruption to the improving trend, and the commission expected to see a continuing improvement as the year went on.

The category Two (medium-sized) companies showed profit margins in the fourth quarter of last year which had increased to 54.9 per cent. of reference levels, from 51.9 per cent., in the third quarter, but which had fallen in the first quarter of this year to 53.1 per cent.

A seasonal pattern also operated here, but it might well be that the recovery was coming more slowly for category Two companies than for those in category One.

Advice for charities on re-use of waste

FINANCIAL TIMES REPORTER

Government-sponsored Management Advisory is to set up an advisory help charities and others to make more use of materials. Dr. Robert chairman of its general committee and director National Anti-Waste Pro- reveals in to-day's issue official magazine, Trade ustry.

being looked at by the he reveals, are the use of waste as fuel draft packaging code to the use of material in g. The Council is also ing the adoption of ind of symbol which ow much waste has been into a product.

mers were still reluctant recycled products because d not like secondary s.

le must want to use that is made from re- waste." says Dr. Berry. got to get over nationally the idea that if a product is made from waste, so long as it's of reasonable quality, then it's better to buy the product than it is something new."

The future would be very much brighter if industry always took waste as its first raw material, lowering import bills. Nonetheless, at present only about 20 per cent. of household waste could be put to good use. It needed new reclamation technology, which could be 10 years away, to make a major impact.

For the advisory group to aid those willing to segregate scrap, Dr. Berry said, he was turning to the banks, insurance companies and others who knew what specifications industry needed and were able to advise on equipment to sort and handle materials.

● Something like 334,000 tonnes of recoverable mineral oils are being wasted each year in Britain, says another Trade and Industry article to-day. Much of it could be re-used as lubricant, fuel or feedstock for some further process.

£100m. oil pipeline completed by Shell

By Ray Dafter, Energy Correspondent

SHELL U.K. Exploration and Production has completed the £100m. Brent System oil pipeline in the North Sea from the Shell/Esso Cormorant Field to the Sullom Voe terminal in the Shetland Islands.

At the same time, the £80m. Condeep concrete Brent D production platform has arrived at Shell/Esso's Brent Field after a week-long tow from a Norwegian fjord.

The platform was built by Norwegian Contractors and the Aker Group and is the most complete structure ever delivered to a North Sea field. As a result the first production well should be sunk by early September.

The structure arrived at the field in the early hours of yesterday morning although emplacement has been delayed by bad weather.

The completed pipeline has been laid between block 211/26 and Firth Voe in the Shetlands, a distance of 92 miles. The 36-inch pipe continues for another 3½ miles across land to the terminal at Sullom Voe.

Nearly three-quarters of the pipeline has been laid in a water depth of over 400 feet. The deepest part where the pipe was laid was 563 feet, eight miles northwest of Pobie Bank, about 53 miles northwest of the Shetlands.

The laying operation took 258 barge days. Three lay barges were involved in the construction at various times.

The trunkline, which is due to go into use in 1978, is to carry oil from five fields (Brent, Dunlin, Cormorant, Hutton and Thistle)

[I]CI slips in world sales 'league'

[R]AY DAFTER

[IMPERI]AL CHEMICAL In- has slipped from its as the world's third chemical company largely of the falling value of nd.

ompany is ranked fifth latest Chemical Age on the performance of rld chemical industry. king is based on 1975 the further collapse of has so far cost ICI place.

ng on mid-July exchange CI would be behind BASF, Bayer (the "big three" chemical groups), Du Pont and Union Carbide in terms of sales.

Italy's Montedison, hit by the falling value of the lira, would be overtaken in seventh place by Dow of the U.S.

The survey provides good reading for the U.K. pharmaceuticalse industry, though. Glaxo and Beecham rank equal sixth among the most profitable companies in the world, in terms of return on capital (at historic cost) before depreciation.

Not one British company, however, manages to reach the list of top 40 companies in terms of sales per employees.

Jaguar assembly line to stay in Coventry

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

ASSURANCES that assembly of Jaguar cars would continue at the Browns Lane, Coventry, site even though the new £24m. paint plant will be in Birmingham, was given by Mr. Derek Whittaker, managing director of Leyland Cars, to the four Coventry MPs who expressed concern yesterday at the trend the move indicated.

Jaguar, first under its former chief Sir William Lyons, and then Mr. Geoffrey Robinson—who resigned on a policy difference and is now one of the Coventry MPs, being their spokesman at yesterday's two-hour meeting—pursued an independent existence outside the main stream of Leyland Cars development. As the profitable flagship of the group, it was expected to continue to do so.

Its integration into central planning has upset and shaken employees and city authorities, who are nervously aware that the major industries in the city—cars and machine tools—are dependent on Government handouts, while aerospace projects wilt or blossom through Government policy.

The four MPs wanted to know the effect on employment in Coventry of moving the paint plant to British Leyland's body-building factory at Castle Bromwich, where Jaguar bodies are made. Some 600 jobs at Jaguar will disappear over the next two years or so and there seemed a clear inference that assembly would follow to Castle Bromwich eventually.

Mr. Robinson, who had initiated negotiations with Interlack of Milan to replace Jaguar's old paint plant—they were postponed by the investment freeze—said after the meeting that in view of the unemployment in Coventry it had been hoped that there would be an increase in jobs there resulting from British Leyland's capital expenditure.

The choice of Castle Bromwich could spark a dispute when the holidays end on August 2 and add to the trouble of the strike by 80 press shop workers which has resulted in more than 5,000 Jaguar men being laid off and some £5m. worth of production being lost.

Ford puts up prices of all cars

BY KEVIN DONE, INDUSTRIAL STAFF

FORD has increased the price of all its models by 4.9 per cent. The increases, which will have immediate effect, have been caused by rises in the cost of raw materials, components and services.

Ford is the first of the four major U.K. domestic motor manufacturers to increase its prices in the current round, but British Leyland and Vauxhall are expected to follow suit soon.

A two-door Escort Popular 1100 will cost £1,599 (previously £1,514), a Cortina 1600 XL will cost £2,392 (£2,284), a Granada 3000 GL will cost £4,110 (£3,873).

Anger over new Port Talbot delay

By Kenneth Gooding, Industrial Correspondent

MR. JOHN ECCLES, president of the Metallurgical Plantmakers' Federation, said yesterday that there would undoubtedly be redundancies in his industry as a result of the further delay of the decision about the British Steel Corporation's £600m. Port Talbot project.

Mr. Eccles, who sent a letter from the federation to Mr. Gerald Kaufman, Minister for Industry, yesterday, added: "We feel very badly let down by the Government.

"For many months we had been led to believe that this project would go forward. As an industry we have been planning on that basis, so this delay is a body blow to all our forward planning."

The federation, whose members build steel mills and make and instal the mechanical plant used in them, says the industry has already been suffering because of the BSC's recent policy of "stretching" investment over a longer period.

Mr. Eccles claimed that half a dozen sizeable projects had been delayed to the extent that tenders would have to go out again.

The federation says that the BSC should have been spending £600m. a year to keep up with its modernisation programme, but that spending had been running at an annual rate of only £500m.

In addition, the toughening up of cash limits on nationalised industry spending had forced the corporation to delay schemes.

"The cash limits are reducing the amount of plant that can be ordered, because they make no allowance for the fact that inflation is pushing up the price of metalurgical plant by about 14 per cent. a year," said Mr. Eccles.

The federation was willing to accept these cuts on the assumption that they were being made to give the corporation some leeway to go ahead with Port Talbot.

The feeling at the federation is that the BSC will go ahead with the £100m. coke oven at Port Talbot, but that it would not make economic sense for the £250m. hot strip mill to be started without there first being a decision about extra steel-making capacity.

Fewer research grants for social sciences

THE NUMBER of research grants awarded by the Social Science Research Council fell last year to 296 from 323 in 1974, the biggest drop since 1969

The grants were reduced because of financial presures, despite te fact that the number of applications rose by 37 per cent. The SSCR was only able to award grants to the value of 30 per cent. of applications as against 44 per cent. in the previous year.

The total of grants awarded was slightly less than £3m.

The council's annual report points out that the level of social science research funding levelled off during 1975-76 in both universities and polytechnics despite the fact that the SSRC is still by far the smallest of the research councils. It receives about 5 per cent. of the money invested by Government in scientific research through the councils.

The council accepts that at a time of national re-appraisal the value of research will be questioned, but it claims that is currently supporting research in many areas of social policy and concern.

Notably these concern the problems of the national economy and inflation, local government reform and finance, industrial relations and race relations. It is also supporting research into the social impacts of North Sea oil developments in Scotland, economic policy and social disadvantage and the debate over formal and informal primary schooling.

The SSRC's Research Initiatives Board has set up an exploratory panel with the Sports Council on violence in sport and has established a panel to review manpower studies in the social sciences.

The postgraduate training programme suffered from the current financial stringency and the 2046 awards made during last year represented a reduction of 184.

The SSRC does not expect additional resources to be made available for postgraduate training but hopes to be able to maintain the present level.

British Airways near long-range jet choice

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is close to deciding which of the two long-range "tri-jets" it will buy for its fleet for the 1980s — the L-500 model of the Lockheed Tri-Star or the McDonnell Douglas DC-10-30R, both using Rolls-Royce RB-211 Dash 524 engines.

BA plans to buy six aircraft initially, worth well over £100m. including spares, but its eventual requirement will be for considerably more of these jets to supplement its long-range Boeing 747 Jumbo jets over the next 10 to 20 years.

The order is a critical one for both the U.S. manufacturers, for it virtually amounts to a "launching order" for these new models of the trijets. As a result, Lockheed and McDonnell Douglas have been fighting for the order for neary two years.

BA has been in no great hurry to settle the matter, but there are now signs that it wants to fix its long-range fleet plans and that it may choose within a few weeks.

Lockheed has argued that since BA has already bought medium-range TriStars for its fleet, it would be most sensible to buy the long-range version also. This would further secure the long-term future of the Dash 524 engine.

McDonnell Douglas, on the other hand, has pointed out that it is also offering the DC-30R with the Dash 524 engine, and that it is spending up to $70m. of its own money in adapting its aircraft design to take that engine. It is also offering an associated work "package" that it says could be worth £318m. over ten years to the U.K. aerospace industry.

[ELEC]TRONICS UNIMPORTANT—SELECT COMMITTEE

[C]able and Wireless creates [i]mpression of quiet efficiency'

[O]UR INDUSTRIAL STAFF

T FOR the performance and Wireless, the State- elecommunications net- given in a report pub- sterday by the Commons mmittee on Nationalised s.

port rejects allegations npts were made to cover of nearly £3m. incurred nics, a Hong Kong sub- making electronic cal-

ope that this long drawn can now be closed," the e says, following investi- which have taken more ear.

and Wireless, nationa- 1946, is unique among ed enterprises in that tions are almost entirely he U.K.

[Conce]ssions

34 per cent. of the com- 71m. revenue in 1974-5 d on negotiated concessions supply services to 37 countries. Its opera- brace the full range of unications facilities, national and interna- lephone services, telex raph operations.

outstanding impression by Cable and Wireless iet efficiency with which bout its business," the e says. "Its origins go re than 100 years and is time it has built up on and reputation in which Britain can take pride."

It is well-founded and profitable, and earns considerable amounts of foreign currency for the country, the report says.

The efficiency of the company's communication services and the high standard of facilities it provides served both to attract and to promote commercial activity in centres such as Hong Kong and the Gulf.

The report also focuses attention on some of the company's weaknesses — "too great a dependence on traditional loyalties and methods of working; the remnants of traditional pay and career structure (now being replaced by job evaluation); difficulties of local staff relations in certain areas, combined possibly with a degree of paternalism; a tendency towards overcentralisation."

There was every reason to suppose the company would be just as successful in handling these problems as it had been in meeting the challenge of new technologies.

The committee acknowledges the trend towards countries providing their own facilities rather than relying upon Cable and Wireless. But it hopes the phasing out of the company's concessional business will be a slower rather than an accelerating process, and that "goodwill, which is so notable a feature of the company's external relationships, will lead to an increasing number of joint enterprise undertakings in host countries rather than expropriation."

The report says there will inevitably be a progressive reduction in conventional business which, "if the company's skill and enterprise are to survive, as we believe they should, must be replaced by profitable new business in the non-concessionary field."

Although Cable and Wireless has been involved in the sector on a limited scale for some time, it is only in the past two years that it has been able to go ahead at maximum effort and with full Government approval.

"Having seen something of the progress that has already been made, we consider that the company should be given every encouragement to promote manufacture and marketing through subsidiary companies of products and services which are supplementary or complementary to its main objectives and activities as a world-wide communications organisation—though we agree with the Treasury that it could be unwise to stray beyond the field of telecommunications, in its broadest sense, into unfamiliar territory."

On the Coltronics affair, the report explains that an investigation and subsequent article by the consumer group, Social Audit, attacked Cable and Wireless for its handling of the operation and the fact that the losses were broken down into separate items on its balance sheets.

The Committee says: "The criticisms advanced by Social Audit were founded on two propositions—first that there had been incompetence in high degree, and second that there had been a failure to disclose fully the state of affairs and that something less than the full requirements of the English Companies Act had been met in the company's annual report."

No evidence

But the all-party committee indicates that it has found no evidence to substantiate this.

"There is no doubt that the Coltronics venture turned out to be an unfortunate and unsuccessful excursion into the non-concessional business field—it was also one of the earliest, in which mistakes were bound to be made and from which valuable experience has been gained.

"Viewed against the overall achievements of the company, its status and reputation, Coltronics was relatively unimportant and the correct decision was taken to liquidate it.

"As far as the higher direction of Cable and Wireless is concerned, we are satisfied that there is no evidence of failure in the area of rectitude, responsibility and accountability."

Fifth Report from the Select Committee on Nationalised Industries: Cable and Wireless; SO, £2.

Monopolies: more time

The Monopolies Commission has been given more time to complete two reports—on insulated electric wire and cables and on copying materials.

The commission has until December 31, 1977, to produce the wire and cables report and until January 15, 1977, to complete that on copying materials.

U.K. 'break-up'

Break-up of the United Kingdom will be inevitable if the Government goes ahead with plans for a Scottish Assembly, the Association of Scottish Chambers of Commerce said yesterday.

Schools row

Tameside Council, Greater Manchester, continuing its fight against the Education Secretary's "go comprehensive" order, argued in the Appeal Court yesterday that there is still time to introduce its modified selective education scheme before the September term.

BBC criticised

Motor sport and motor racing is not getting a fair crack of the whip, Mr. Hector Monro, Opposition spokesman on sport, said yesterday. He was speaking to a lobby designed to make MPs more aware of the economic and technical importance to Britain of motor sport, of the reluctance of the BBC to televise the sport and of the big increases in charges proposed by the Forestry Commission for using facilities.

More interest

The number of seriously interested potential buyers of the Cornish company Dredge and Marine, which called in a receiver three weeks ago, has increased to about a dozen, said Mr. Roger Harris, a partner in Peat, Marwick, Mitchell.

First well

Amoco's exploration rig, Sedco 135F, has completed the first well in the company's search for oil or gas in the Celtic Sea.

BANK RETURN

—	Wednesday July 21 1976	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	17,704,478	— 245,789
Special Deposits	1,008,216,000	+ 3,720,000
Bankers	513,053,064	— 46,415,711
Reserves & Other A/cs	456,702,070	— 49,447,336
	1,809,227,612	— 96,106,846
ASSETS		
Govt. Securities	1,451,249,840	— 90,379,999
Advance & Other A/cs	221,060,128	— 846,585
Premises, Equip't & other Secs.	84,018,888	— 6,370
Notes	12,640,928	— 3,896,499
Coin	256,851	+ 21,607
	1,809,227,612	— 96,106,846
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,725,000,000	+ 100,000,000
In Circulation	6,712,359,072	+ 103,896,499
In Bank'g Dept.	12,640,928	— 3,896,499
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	5,978,214,651	+ 115,308,336
Other Securities	735,770,249	— 15,308,336
	6,725,000,000	+ 100,000,000

Kaldor calls for commodity buffer stocks

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CREATION of buffer stocks for the main commodities, linked to the issue of international currency, such as Special Drawings Rights, was advocated yesterday by Lord Kaldor as the most promising line of action for introducing greater international economic stability.

He argued that the main need is to strengthen the adjustment mechanism between growth of supply and demand for primary products. This meant that Governments, or international bodies, acting singly or in concert, should be prepared to carry much larger stocks than private traders were willing to carry on their own and be ready to intervene in markets to stabilise prices.

Lord Kaldor was making his presidential address to the Royal Economic Society. The speech will be published in the December edition of the Economic Journal.

Speaking in his personal capacity, rather than officially as special adviser to the Chancellor, he argued that financing these stocks should be linked directly to the issue of currency such as SDR which could be backed by, and directly convertible into, major commodities comprising foodstuffs, fibres and metals.

On the assumption that these stocks covered a sufficiently wide range of commodities, their very existence could provide a powerful self-regulating mechanism for promoting economic growth and stability.

Moreover, "assuming that the system starts off in the right circumstances when commodity surpluses are about to develop and the intervention of the buffer stock authorities serves to prevent a recession in commodities by accumulating stocks, they would have a far-reaching effect in influencing the rhythm of development.

"The value of commodities bought by the authorities would represent a net addition, in terms of international currency, to the incomes of the producers. The addition to world investment would have a powerful multiplier effect by increasing export demand for industrial goods which, in turn, would stimulate industrial investment and the process thereby set in train would tend to increase the rate of absorption of commodities until it comes into balance with the rate of production."

Lord Kaldor maintained that the system of buffer stocks would thus substitute income-stabilising variations in stock accumulation for the crude mechanism of rising and falling commodity prices which had operated slowly and wastefully, tending to set up perverse and unnecessary cycles in industrial activity.

From another angle, he also suggested that this system would enormously enhance the effectiveness of monetary policy by enabling the international monetary authority to regulate the supply of basic money through open market operations in commodity markets (with a direct effect on demand and incomes) and not in the market for high-grade substitutes for money, such as Treasury Bills (where the income effects are slow and uncertain).

Lord Kaldor based his analysis on the price relationships between the primary commodity-producing sector of the world economy and the industrial sector—and, in particular, on the proposition that any large change in commodity prices (in whichever direction) tends to have a dampening effect on industrial activity.

He argued that the duration and stability of the post-war economic boom until this decade owed a great deal to the policies of the U.S. and other Governments in absorbing and carrying stocks of grain and other basic commodities, both for price-stabilising and strategic purposes.

The danger now was that the rise in commodity prices statred in the past few months brought in its train a new inflationary wave in the industrial countries, causing the repetition of the same kind of process as was experienced in 1974 and 1975, but starting from much higher levels of unemployment.

"The very jumpiness of commodity prices shows that they are increasingly under the influence of inflationary expectations.

"The absence of any stable monetary medium which would serve as a hedge against inflation may well come to mean that any revival of demand will lead to spectacular increases in commodity prices, fed by speculation; and the problem of keeping inflation at bay will increasingly be at the centre of pre-occupations of all industrialised countries, with untoward consequences in terms of waste of resources and unemployment," Lord Kaldor added.

PARLIAMENT

Allies in odd places

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

From the Tories. cautious approval. From Labour MPs, in their initial reaction to Mr. Healey's expenditure cuts, a mixture of bitterness and relief.

But, overall, Government backbenchers clearly felt that he had behaved less like a butcher than some of them had feared.

When some of the bitterness did show itself in the Commons yesterday—first in the shape of Mr. Norman Atkinson, leading Tribune hard-liner of the Left—there was some visible disagreement from Labour moderates at his strictures on the Chancellor.

Mr. Healey might have won the confidence of international creditors, said Mr. Atkinson, but he had lost the confidence of the Labour movement.

"No, no, no!" shouted enough Labour MPs to suggest that fears of a Left wing storm over the Chancellor's statement had been exaggerated.

If Mr. Healey needed a further boost to his confidence—although he appears to manage very well without such tonics—a special bouquet was thrown to him from the Government backbenches.

This happened in the midst of the exchanges on his statement when he was actually applauded by Labour MP, Mr. Donald Anderson, for having acted "humanely and responsibly" in the surgery he had been forced to undertake.

By the time the Tories had made their first assessment of the effect of the cuts, Mr. Healey was fairly brimming with confidence.

He dealt graciously with Sir Geoffrey Howe, Shadow Chancellor, who welcomed the Chancellor's proposals as a significant step in the right direction which would, of course, need further study.

There was even a note of congratulation from the Tory backbenches—enough to bring Mr. Healey a twinge of alarm. Allies for his policies on the Opposition benches would not endear him to the Left.

It was a point made by Mr. Eric Heffer, the former Minister who now sits among the Tribunites.

Mr. Healey was right to be embarrassed by Tory support, said Mr. Heffer, because even with the "sweeteners" in this economic package it was going to be pretty unpopular with the Labour movement.

Callaghan worried by shape of council cuts

A STRONG hint was given by the Prime Minister yesterday that the Government expects to see local authorities reducing their staffs and not merely cutting back on services.

Mr. Callaghan's remarks, which came in answer to questions in the Commons, are likely to provoke an angry response from the unions representing local government workers.

These unions have already warned against enforced redundancies and are prepared to conduct a nationwide campaign including working-to-rule in protest against any staff cuts.

The Prime Minister was questioned by Mr. John Cartwright (Lab., Woolwich E.), who said that some Labour authorities had already made substantial cuts in their aims and aspirations and in their services to local people.

These authorities, he said, were willing to co-operate with the Government in maintaining a genuine standstill but they were making it absolutely clear that they could not accept further cuts.

Mr. Callaghan told him that what concerned him was that there seemed to be many local authorities who were implementing the economies by cutting services in preference to cutting staff.

"As the purpose of the staff is to provide the services, I hope they will keep a proper balance in these matters," he declared.

He told another questioner that local authority expenditure that qualified for rate support grant had gone up by three times in the space of three years. This was not expenditure over which the Government had direct control.

"There is no direct control over current expenditure by local authorities. This is undoubtedly part of the source of our difficulties at the present time," he said.

Healey says failure to act would have damaged jobs recovery

MR. HEALEY'S statement was "the first step along the long, hard and stony road that will have to be followed to restore the balance and health of our economy," said Sir Geoffrey Howe, the shadow Chancellor.

Sir Geoffrey declared: "We welcome the fact that the Chancellor and the Prime Minister have taken a significant step in the right direction, and have begun to grapple with the problems which have been affecting the economy for the past two years."

The Opposition would need to study the proposed cuts in defence expenditure, and also the Chancellor's proposals for rephasing or deferring expenditure to make sure that true reductions were being made.

Mr. Enoch Powell (UUUC Down S) said that announcing public expenditure plans for years ahead destroyed Treasury control and rational planning. "It merely results in a parade of chips from a Treasury workshop in July, such as we have had this afternoon, many of which are merely effects produced by mirrors."

Such projections of public spending were misleading and inhibiting," he said.

Mr. Norman Atkinson (Lab., Tottenham) said that the cuts might mean some 60,000-70,000 men and women in the non-manufacturing workforce losing their jobs by the end of next year.

SIR GEOFFREY HOWE
"Step in the right direction."

"If this is the case, then the Chancellor may have the confidence of the international creditors, but he has certainly lost the confidence of the Labour movement."

Mr. Healey retorted that the measures urged by the Opposition for cuts in expenditure would have an "absolutely catastrophic" effect on employment.

"I regret the fact that it has been necessary to take measures which are going to affect employment by the end of next year.

"A failure to take these measures would have consequences for sterling, the balance of payments and for the paralysis of our economy, which would have produced a very much higher level of unemployment, and would have completely excluded the chance of a steady and sustained return to full employment."

Mr. Donald Stewart, leader of the Scottish Nationalists, said the statement would be deeply resented in Scotland, "particularly when people contrast your bankruptcy with the knowledge of the vast resources coming from the Scottish oil fields."

For the Welsh Nationalists, Mr. Dafydd Wigley complained about the impact of proposed cuts in housing. Reduction of local authority mortgages would cause difficulty to areas with a high proportion of owner occupiers.

Mr. Healey pointed out that building societies had promised to try to fill the gap over mortgages.

Mrs. Barbara Castle (Lab., Blackburn), former Secretary for Social Services, protested that the further £20m. cut from the capital programme of health and personal social services "will mean practically a moratorium on all new hospital building, including many long-overdue developments of high priority."

The cuts would make it impossible for local authorities to provide residential accommodation for growing numbers of the elderly and children in care. "Do you consider this is the way to protect the needy?" she asked.

Mr. Healey replied: "It is necessary for any Government and any head of Department to determine priorities in the light of the economic situation. It is far better that savings should be sought from capital programmes than a reduction of services to patients of the NHS." It was difficult to determine priorities, but no responsible Minister or Government could avoid it.

He said Mrs. Castle knew, as well as anybody, "that the needs of the people of this country are almost inexhaustible in health, hosuing and many other fields."

Mrs. Judith Hart (Lab., Lanark), told Mr. Healey that there was a growing body of economic opinion in this country which genuinely did not accept the Treasury strategy upon which his proposals were based.

She called for an undertaking that the Chancellor would thoroughly explore the merits and demerits of the Treasury strategy against the alternative strategy which others put forward.

Mr. Healey said these were the views of an important and reputable body of Cambridge economists but, he claimed, they would require an increase in taxation next year of £3bn.

Mr. Christopher Tugendhat (Cons., City of London and Westminster S.) said that if Mr. Healey had acted earlier, sterling would not have fallen so far, and the anti-inflation policy would not have run into so many difficulties. But he congratulated the Chancellor on moving towards policies advocated by Conservatives.

Mr. Healey said he was so rarely congratulated that he was slightly embarrassed by some of the things said by the Opposition that afternoon.

Mr. Eric Heffer (Lab. Walton) said the Chancellor was right to be embarrassed by the support he had received from the Tories. While there were a number of "sweeteners" in the proposals, and while Mr. Healey had obviously listened to some of the things which had been said by Labour MPs and the TUC, there were no sweeteners for the construction industry.

Already more than 200,000 construction workers were unemployed, and with this package a lot more would be jobless. "All parts of the Labour movement will not be enamoured by this particular package."

Mr. Healey said he knew that not all parts of the Labour movement would be enamoured. He was not enamoured himself with the package. "I regard it as a painful but necessary action to protect the steady move in this country back to full employment."

But he added: "There has never before been a fiscal package of this nature which has been preceded by so much careful consultation with so many people, and which has borne such fruit in the results."

Table A 1977-78 Public expenditure programmes

	Cmnd. 6,393 revalued (1)	Changes before Chancellor's statement (2)	Total (1) +(2) (3)	Changes announced on 22.7.76 (4)	Total (3) +(4) (5)
	£m. at 1976 Survey prices				
Defence	5,644	—	5,644	−100	5,544
Overseas aid and other overseas services	1,126	+149*	1,275	− 5	1,270
Agriculture, fisheries, food and forestry	967	−116*	851	−105	746
Trade, industry and employment	2,469	+132	2,601	−105	2,496
Nationalised industries capital expenditure††	3,310	—	3,310	−157	3,153
Roads and transport	2,500	− 13	2,487	− 87	2,400
Housing	4,435	—	4,435	−146	4,289
Other environmental services	2,481	− 14	2,467	− 81	2,386
Law, order and protective services	1,822	+ 11	1,833	—	1,833
Education and libraries, science and arts	7,386	− 24	7,362	− 30	7,332
Health and personal social services	6,611	—	6,608	− 70	6,538
Social Security	11,359	+200	11,559	− 21	11,538
Other public services	867	− 32	836	—	835
Common services	813	− 6	807	− 10	797
Northern Ireland	1,599	− 2	1,597	− 35	1,562
Total programmed expenditure	53,389	+282	53,671	−952	52,719
Civil Service staff costs	−62				
Total programmes	53,327		53,671		52,719
Contingency reserve	1,050		706		706
	54,377		54,377		53,425

Table A indicates the effect on the main public expenditure programmes of the measures announced yesterday and other changes since publication of the last Public Expenditure White Paper (Cmnd 6393), including the allocation of expenditure to programmes from the contingency reserve.

* See Note (2) (b) † Excluding BNOC

Column (1) of the above table gives the main programme totals in the February 1976 White Paper (Cmnd 6393), revalued to 1976 Survey prices. Column (2) indicates the changes due to—

(a) announced policy changes up to July 21, 1976 (details of these changes are given in Table B);
(b) some estimating changes on certain programmes, already identified during the course of the public expenditure Survey, including a revised estimate of EEC contributions in Programme 2, which is partly offset by a revised estimate of the cost of agricultural support in Programme 3;
(c) reductions in Civil Service staff costs (paragraph 32 of Cmnd 6393).

Column (3) gives the sum of columns (1) and (2). Column (4) indicates the net effect of the measures announced by the Chancellor of the Exchequer on July 22, 1976. Column (5) gives the sum of columns (3) and (4).

Table B Announced changes up to July 21 1976

Subject	£m. at 1976 Survey Prices	Nature of Announcement
Employment measures	56	By Chancellor of the Exchequer (OR February 12, Cols. 634-638)
Agricultural price review	12	By Minister of Agriculture, Fisheries and Food (OR March 8, Col. 28)
Extension of the Coal Industry Act, 1973	16	By Under-Secretary of State for Energy (OR March 25, Cols. 717-722)
Assistance to the film industry	4	By Prime Minister (OR March 29, Written Answers, Cols. 333-334)
Temporary employment subsidy, community industry and industrial schemes	43	In Budget statement on April 6
Social security benefits	125	By Secretary of State for Social Services (OR April 7, Cols. 425-440)
Accommodation for Scottish and Welsh Assemblies	3	By Lord President of the Council (OR April 14, Col. 1382)
Pay policy: Employment measures	10	By Chancellor of the Exchequer (OR May 5, Col. 1304)
Child benefit scheme	84*	By Secretary of State for Social Services (OR May 25, Col. 284)
Additional capital for the Radio-chemical Centre Ltd. (TRC)	3	Secretary of State for Energy (OR July 2, Written Answers, Cols. 318-319)
Total	356	

* Net Exchequer cost
Table B indicates changes which have been announced since publication of Cmnd 6393.

Schools: PM agrees on freedom of choice

BY JOHN HUNT

THE PRIME MINISTER surprised the Commons yesterday when he strongly agreed with Tory questioners that the choice of school for a child was strictly a question for the parents to decide and not the State.

The questions were provoked by the report earlier in the week that Mr. Callaghan's own granddaughter is being taken away from a State school to attend a private school.

The answers were particularly surprising as only the previous night the controversial Education Bill, which forces all local authorities to introduce a comprehensive system, received a third reading in the Commons under the guillotine procedure.

Mr. Norman Tebbit (C., Chingford) asked whether Mr. Callaghan believed in freedom of choice in schools for all the people "or only for the children of the rich and powerful."

The Prime Minister told him that he would be making a series of speeches on education in the autumn. There were gleeful cheers from the Conservatives when he added: "As regards the education of our children, that is the right of their parents and of no one else."

Mr. Ian Gow (C., Eastbourne) could hardly believe that he had heard Mr. Callaghan correctly. He asked him if, on second thoughts, he wanted to retract the view he had just expressed, "namely, that the decision for the education of children is to be taken by the parents and not by the State."

But the Prime Minister made it clear that he had meant exactly what he said. "That is certainly my view and it is the view of the great majority of people of this country, who now have a greater freedom of choice and a wider curriculum of subjects than they have ever had in the past," said Mr. Callaghan.

Direct elections will cost £10m.

DIRECT ELECTIONS to the European Parliament will cost Britain about £10m., the same as the referendum, Mr. Roy Jenkins, Home Secretary, told the Commons yesterday.

Jenkins hints at spell as backbencher

FINANCIAL TIMES REPORTER

TRIBUTES WERE paid from both sides of the Commons yesterday to Mr. Roy Jenkins, the Home Secretary, when he made what many MPs expect to be his last appearance at the Treasury Despatch Box to answer questions before taking up his new appointment as president of the EEC Commission.

In acknowledging them, Mr. Jenkins gave a hint that he could spend a spell on the Government backbenches before resigning his seat for Birmingham, Stetchford, later in the year.

He told Mr. Neil Marten (C., Banbury), who led the tributes: "I am grateful for your kind remarks though I have a number of further questions to answer, and I may, indeed, ask a few."

Mr. William Whitelaw, deputy leader of the Opposition, stated: "I am one of those who will deeply regret, on personal grounds, the removal of Mr. Jenkins from this Parliament at Westminster."

Next week's business

COMMONS business next week is:
MONDAY: Dock Work Regulation Bill, remaining stages.
TUESDAY, WEDNESDAY AND THURSDAY: Aircraft and Shipbuilding Industries Bill, remaining stages; at the end on Tuesday, Licensing (Scotland) Bill, remaining stages.
FRIDAY: Supplementary Benefit (Amendment) Bill, remaining stages.
Lords business is:
MONDAY: Local Government (Miscellaneous Provisions) Bill; Protection of Birds (Amendment) Bill; Stock Exchange (Completion of Bargains) Bill.
TUESDAY: Trinidad and Tobago Republic Bill. Finance Bill; Valuation and Rating (Exempted Classes) (Scotland) Bill; Retirement of Teachers (Scotland) Bill; Industrial Common Ownership Bill.
WEDNESDAY: Finance Bill: debate on Community Fisheries Policy and marine fishfarming; Iron and Steel (Amendment) Bill; Chronically Sick and Disabled Persons (Amendment) (No. 2) Bill; Domestic Violence and Matrimonial Proceedings Bill.
THURSDAY: Protection of Birds (Amendment) Bill.

Land Tax Bill approved

THE DEVELOPMENT Land Tax Bill, which introduces a tax on the development value of land, was given an unopposed third reading in the Lords yesterday. Approval was given only 24 hours after it had received a second reading and had been through its committee and report stages. The Bill later received Royal Assent.

LABOUR NEWS

Strike threat at British Oxyg over 12-month rule on pay

BY ALAN PIKE, LABOUR STAFF

PRESSURE is mounting for a strike by British Oxygen staff unless they receive pay rises from August 1, despite warnings that their claim will breach the new pay policy.

More than half the 46 depots of British Oxygen's gases division have sent resolutions to Mr. John Miller, Transport and General Workers' Union national officer responsible for chemicals. They demand withdrawal of labour.

Mr. Miller says the resolutions received so far are unanimously in favour of a strike by the 3,200 British Oxygen workers. The union expects to learn the views of remaining depots by this week-end.

One of the first sources of resentment about the provisions of the second phase pay policy, which comes into force on Sunday week, is over the implementation date for workers who had phased settlements last time.

Maximum

British Oxygen workers received their last pay award in May last year. This included a threshold arrangement which brought them more money at the end of September and the company, after taking Department of Employment advice, maintain that this must count as their last settlement date.

Under the "12-months rule" this means that the chemical workers, who are claiming the maximum under Phase Two of the policy, must wait until late September before receiving another rise. But the staff, says Mr. Miller, believe the been more than reason not pursuing their claim and deciding to wait un month.

"The company o agreed to pay from Aug said. "We negotiate w ployers, not civil servat they cannot now use the ment of Employment invisible ally to defer pa

● The National Un Seamen has been affecte similar way by the tir its last pay award and w earlier this week by Mr Booth, Employment Se that a claim on behalf o merchant seamen m deferred from next mon January. A return to employers for further ta be sought by the union.

Employer liable for injury to 'lump' labourer

CONTRACTORS using "lump" labour can still be liable for damages if a worker is injured, the Court of Appeal ruled yesterday.

The court dismissed by a majority an appeal by John Dawson and Partners (Contractors), of Leeds, against a High Court judge's ruling that it must pay £30,388 damages to labourer Mr. Michael Joseph Ferguson of Barbican Road, York.

Mr. Ferguson, who injured both legs when he fell from the roof of a building in York in April, 1972, had been working for the company on a "lump" basis.

Lord Justice Megaw said the legal duty of care for the safety of workmen was not lifted from the employer merely by agreeing that a worker should be called "self-employed" when in fact his work agreement was a contract of service.

Despite the "gravely suspicious" circumstances of Mr. Ferguson's agreement with the company, it would not be right for the court to hold that there was dishonesty which would affect the contract, whatever it was, with illegality.

Lord Justice Lawton said: "In my view, it would be contrary to public policy to allow a man to say he was self-employed for the purpose of avoiding tax, but a servant for the purpose of claiming compensation."

"There was no doubt in the present case what the parties intended—that Mr. Ferguson should not be a servant of the company.

"Maybe the law should try to save workmen from their folly, but it should not encourage them to change a status—which they have freely chosen—when it suits them to do so."

The judges agreed that the question should be considered by the House of Lords as soon as possible. They granted a stay on the damages award pending the appeal to the Law Lords.

Challenge to staff groups increases

BY CHRISTIAN TYLER, LABOUR STAFF

THE FIGHT by TUC-affiliated unions to prevent small staff associations becoming listed as "independent" under the Employment Protection Act was stepped up yesterday.

The General and Municipal Workers Union announced that it was attempting to appeal against the decision to grant a certificate of independence to the Courtaulds Group 1 staff association.

It said that it ha daiso asked its sponsored MPs to support a Bill introduced under the 10-minute rule and due for its Second Reading to-day that seeks to tighten up on the certification criteria.

The Bill was introduced by Mr. Stan Thorne, Labour MP for Preston South, who is sponsored by the Association of Scientific, Technical and Managerial Staffs.

ASTMS is likewise seeking to appeal against the Courtaulds decision, and is putting the scenes pressures on M to have the Thorne Bill by the Government — for the next legislative se

At present the Emp Protection Act does not to allow appeals against cation decisions by third the Bill seeks to change

The decision on Co has upset many TUC whi unions who now fear th small staff bodies, particu engineering, shipbuilding aircraft industry—some c have sprung up very-re will pass the certificatio

Certification gives access to recognition an mation disclosure provis the Act. This, say th unions, is less importa the risk of confrontation established unions an associations at plant lev associations with certifi on to seek greater rec from employers.

MP questions Jenkins over fake 'phone-in'

BY OUR LABOUR STAFF

THE HOME Secretary was questioned in the Commons yesterday about the case of Mr. Denis MacShane, a member of the National Union of Journalists' executive dismissed by the BBC after making a fake call to a Radio London phone-in programme.

Mr. MacShane, who worked for Radio London, made the call at the request of the programme's producer posing as a member of the public. During his contribution on electoral reform he made a remark which led to his dismissal.

Radio London journalists have indicated that they are willing to strike unless the BBC reinstates Mr. MacShane. In the Commons yesterday, Mr. Tom Litterick, Labour M.P. for Birmingham Selly Oak, asked M Jenkins, Home Secretary the case with the chai the BBC.

Mr. Litterick said the of BBC staff posing as was a "fraud perpetrat public expense." Mr. M had been dismissed, contributed as a bogu butor to a radio phone-i instructions of his prod

The Home Secretary that he did not know w Litterick was talking ab, promised to look at the, he wrote to him. Mr. added: "I am not in fa fraudulent phone-in pro with fraudulent particip Questions of determin policy, he said, had to r the BBC chairman.

Wages councils may merge

LOW-PAID shopworkers will receive more money immediately if the Advisory, Conciliation and Arbitration Service decides in favour of streamlining their wage machinery, the Low Pay Unit says in a submission published to-day.

The service is considering the advantages of merging the present nine wages councils in the retail distribution trade into two bodies—one for food and the other for non-food trades.

Asbestos team probes deaths

THE circumstances of the deaths of three employees, one from stomach cancer, are to be included in an investigation by the British Oxygen Company into the use of blue asbestos, the General and Municipal Workers' Union said yesterday.

Mr. David Warburton, a national industrial officer at the union, said the company would investigate use of blue asbestos in the preparation of acetylene containers. Members of the union had demanded an inquiry after discovering that the substance was used in sealing acetylene bottles.

"We have involved the Factory Inspectorate who I feel have some explaining to do as well," said Mr. Warburton. "Why did they not take action earlier?"

Shipowners 'cannot pay £53,0

BY OUR OWN CORRESPONDENT

THE ATLANTIC Maritime Company of Malta, owners of the 3,500-ton cargo vessel Omar under repair in the Tyne, say they cannot pay the £53,000 being claimed as pay arrears for 20 crew-members.

The message was passed last night to the International Transport Workers Federation by the London managers of the ship, and was rejected.

The federation, which "blacked" the vessel earlier this week, is claiming the money because it says that the 20 crewmen—the radio officer, a cadet, and 18 Pakistani and Nigerian ratings—have been underpaid over the past 12 months.

Mr. Geoff Pomphrey, north-east official of the National Union of Seamen, who has been negotiating for the federation said it was insisting that the claim be met in full.

"The managers indicated tonight that something might be done if the federation agreed to any pay being backdated only to the end of May, but this is unacceptable," he added.

The Omar is due to repairs at the weekend, Pomphrey said the shi be held in the Tyne u pay dispute was settled. "up to the owners" to next move.

Judge's ruli on Equity

A GROUP of members o the actors' union, led b Goring, successfully cont the High Court yester the union's rules could b by a referendum of me

A second group, led by Hamilton, had contended only means was by reso an annual or special meeting.

Mr. Hamilton's conten supported by Corin Re

After Judge Thomas's in the Chancery Divi Hamilton's counsel said would be considered.

Buses stop in cuts protest

LIVERPOOL will be without most of its municipal buses for 2½ hours to-day when crews take them off the road to hold protest meetings in all but one of the seven depots. The withdrawal of about 500 buses will start after the morning peak vices will be resumed The protest is over the of Merseyside Passenge port Executive to t buses out of service at periods to save £1.5m.

Scargill accused of seeking revenge

YORKSHIRE MINERS' leader, Mr. Arthur Scargill, was motivated by "bias and a desire for revenge" when he instigated disciplinary proceedings against two former pit officials, it was alleged in the High Court yesterday.

Five days after being awarded £3,000 libel damages against the Sheffield Star newspaper, Mr. Scargill set in motion the machinery of the National Union of Mineworkers to punish the two men because they had given evidence for the newspaper, Mr. Alexander Irvine told Judge Rubin.

As a result, Mr. William O'Brien, Glassboughton branch secretary, was suspended from union office for two years, and Mr. Tom Roebuck, former Manvers Main secretary, was declared ineligible for office for the same period.

The two men are suing the Yorkshire area of the NUM, seeking orders that their punishments were wrong and should not be enforced.

Mr. Irvine said that Mr. Scargill had sued the Sheffield Star for libel over an article published in February 1974 about the miners' strike.

"The sad fact is that Mr. Scargill was not content with his victory against the Sheffield Star. Having won, he had to punish the members of his union who had had the temerity to give evidence for the newspaper and, as he saw it, against him," said Mr. Irvine.

In a report to the union's area council, Mr. Scargill said that he conceived it his duty to bring the two men's "offences" to the council's notice.

Mr. Scargill's view the two had been g offences, not against I against the union's rule

"This report betra and a desire for reven the plainest demand union to set the dis machine in motion."

When it was set in through the area com the executive commi Scargill acted as both judge and chief prose

Mr. Leolin Price, QC, dence by Mr. Scargill the miners' leader der his conduct towards the had been unfair.

Mr. Scargill, who was stated that he had not a "prosecutor" at the a ing at which Mr. O'Brie was discussed.

APPOINTMENTS

COMPANY NOTICES

DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF TOKYO SHIBAURA ELECTRIC CO. LTD. (TOKYO SHIBAURA DENKI KABUSHIKI KAISHA)

DESIGNATED COUPON NO. 22
(Action Required on or Prior to November 30th 1976)*

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th, 1970, among Tokyo Shibaura Electric Co., Ltd., (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan, on June 30th, 1976, such stockholders approved the payment of a dividend of 2.50 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian, as agent for the Depositary and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 296.73 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organized thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 22 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 22. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below, upon the surrender of Coupon No. 22.

DEPOSITARY'S AGENTS

NAME	ADDRESS
Chemical Bank	Frankfurt, Germany.
The Bank of Tokyo, Ltd.,	London England.
The Bank of Tokyo, Ltd.,	Paris, France.
The Bank of Tokyo, Ltd.,	Brussels, Belgium
The Bank of Tokyo, Ltd.,	Frankfurt, Germany.
Pierson, Heldring & Pierson,	Amsterdam, The Netherlands.
Banca Nazionale del Lavoro,	Rome, Italy.
Banca Nazionale del Lavoro,	Milan, Italy.
Kredietbank S.A. Luxembourgeoise.	Luxembourg.

The following table sets forth the amounts payable upon presentation of Coupon No. 22 from the various denominations of Receipts.

Coupon No. 22 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	$ 0.35	$ 0.33
10 Depositary Shares	$ 3.58	$ 3.36
50 Depositary Shares	$ 17.90	$ 16.84
100 Depositary Shares	$ 35.80	$ 33.69
1000 Depositary Shares	$358.06	$336.99

Payment in United States Dollars in respect of Coupon No. 22 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with, a bank in New York City.
Dated July 23rd, 1976.

CHEMICAL BANK, as Depositary,
180, Strand,
London, W.C.2. ENGLAND.

* March 31st, 1976 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 22 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after November 30th, 1976 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 22.

As a result, persons surrendering Coupon No. 22 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realize such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

TO THE SHAREHOLDERS IN IOL PETROLEUM LIMITED (IOL).

To whom a take-over offer dated 24 May, 1976, has been made by Conzinc Riotinto of Australia Limited (CRA).
NOTICE OF VARIATION OF TAKE-OVER OFFERS

CRA hereby varies each of the take-over offers dated 24 May, 1976, made by it in respect of those shares of 50 cents each in IOL to which CRA was not entitled at that time by:—

(i) extending the period during which pursuant to paragraph 3 thereof each offer will remain open for acceptance until 5.00 p.m. (Melbourne time) on 9 August, 1976, in respect of holdings on the principal register, and until 5.00 p.m. (London time) on 9 August, 1976, in respect of holdings on the United Kingdom register, and

(ii) varying the date specied in paragraph 10(E) thereof as the date of publication of the notice referred to in section 180N(3) of the Companies Act 1961 of Victoria to 30 July, 1976.

The part A statement dated 6 May, 1976, given to IOL by CRA pursuant to section 180C of the Companies Act 1961 of Victoria (a copy of which part A statement accompanied each such take-over offer) is modied to the extent only that paragraph 3 and paragraph 10 (E) of the form of offer attached to and forming part of such statement are amended in the same manner as the said take-over offers are varied as set out above.

95 Collins Street
Melbourne
Victoria 3001.

R. H. CARNEGIE,
Director.
J. T. RALPH,
Director.
For and on behalf of
Conzinc Riotinto of Australia Limited.
23 July, 1976.

Any shareholder who has already accepted the take-over offer received by him is not required to take any action in relation to this notice.

FINSIDER
SOCIETA FINANZIARIA SIDERURGICA PER AZIONI

The Board of Directors of this Company at their meeting of the 5th July, 1976, have examined the Balance Sheet for the year 1st May 1975 to 30th April, 1976, which closed with a profit of Lit.167.518.915.

At the Annual General Meeting called for Wednesday, 4th August 1976, at 10.30 a.m. it will be proposed that this profit should be carried forward after due appropriation has been made to the legal reserve fund.

Shareholders have the right to attend the Annual General Meeting if they have deposited their shares not later than 4 p.m. on 28th July, 1976, with:—
S. G. WARBURG & CO. LTD.,
30, Gresham Street,
London, EC2P 2EB.

S. G. Warburg & Co. Ltd., will also arrange for holders of the United Kingdom Deposit Certificates for Finsider shares to attend the meeting on request.

The Board of Directors.
ROME
5th July, 1976.

HOPE STREET FUND
société anonyme

14, rue Aldringen, Luxembourg

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 16th, 1976 has approved the payment of a dividend of $ USA 0.15 per share to shares subscribed and in circulation on July 16th 1976, payable immediately against presentation of coupon number 7.

The shareholders can cash the dividend at following banks:
—Banque Générale du Luxembourg, S.A.
27 Avenue Monterey
LUXEMBOURG.
—Clydesdale Bank Ltd.
30 Lombard Street
LONDON

The Board of Directors

PUBLIC NOTICES

Local Authority Bills for 91 Days were issued as follows on the 21st July, 1976.

Authority	Amount Issued	Rate	Total Applications	Amount Outstanding
Cheltenham B.C.	£300,000	10 59/64	1.2m.	£300,000
Blackburn B.C.	£800,000	10 15/16	6.4m.	£800,000

Clive Discount Company Limited, 1 Royal Exchange Avenue, London EC3V 3LU.

INTERNATIONAL PROPERTY

PUBLIC NOTICES

Brighton Borough Council Bills

£1,500,000 issued 21st July 1976 due 20th October 1976 at 10 57/64%. Applications totalled £6,000,000. There are no bills outstanding.

TORBAY BOROUGH COUNCIL

£0.5m. bills placed 21st July 1976 due 20th October 1976 at 10.29,32%. £0.5m. bills outstanding.

The Property Market

BY MICHAEL CASSELL

Two-month delay for Development Land Tax?

WHILE THE inevitability of the Development Land Tax may now have been grudgingly accepted by the property world—having passed through the Commons before receiving its second reading in the Lords earlier this week—there are moves to defer the all-important first appointed day, scheduled for August 1.

A group of developers has approached Viscount Colville of Culross to ask for help in getting a 60-day postponement "in fairness to those in the industry."

The deferment, they claim, is needed to allow unnecessary, and even unfair, short-term administrative and financial implications to be averted while the building industry, local authorities and the professional institutions which advise the industry have time to acquaint themselves with the new rules.

The developers, as an example of the difficulties which lie ahead, cite the fact that no information is yet available on the content of the forms concerning notifications to the Inland Revenue, requiring a great deal of detailed information.

The Act states that a person with a major project interest in land development is required to give notice of his intentions not earlier than 60 days before, or later than 30 days after, the date the scheme is stated.

Therefore, developers who are involved in a project starting during the early part of next month would have a maximum of approximately 30 days instead of the specified 90 days in which to comply with notification procedures.

According to the somewhat shy group of developers, who apparently avail themselves of the services of the same finance house, Government attempts to bring forward schemes before the appointed day by waiving the first letting charge if work began before May 18 have been frustrated by lengthy delays in processing planning applications.

As a result, many schemes have still not got the go-ahead and they believe a two-month deferment could help clear the backlog.

The developers do not think that their request necessitates any troublesome amendments and that the question could be regarded as an administrative matter as August 1 has not been specified in the legislation.

● With chartered accountants Price Waterhouse long since removed to new headquarters near London Bridge Station, Jones Lang Wootton has let one of the largest office units the company left vacant. It is at 31/41 Worship Street, E.C.2, where Midland Bank are leasing the whole of the building, comprising about 25,000 square feet on basement and five upper floors. The space was marketed at a rental of £165,000 per annum exclusive and it is believed that a figure close to this was achieved.

Office Space outlook

Contrary to belief in some quarters, there is a healthy demand for self-contained London office accommodation over 25,000 square feet. Even the market for small office suites is far from depressed, according to surveyors Strutt and Parker.

Derek Gillmore, the partner in charge of the firm's office agency department, says the outlook for prime office space is considerably healthier than for some time. He warns, however, that with the mood of the Government still very much against the office developer, and with the possibility of further planning restrictions, the chances of many more speculative blocks entering the market is doubtful.

Although buildings conceived in brighter times were coming onto the market the floods had become a trickle and the lack of large space could be expected to produce premium rents.

Some support for this not unnaturally bullish outlook comes in the latest City floorspace survey from Richard Saunders and Partners, which says that although June was a slack month for lettings, demand in the market is probably stronger than at any time in the past 18 months.

According to Richard Saunders, 55 lettings in the City last month accounted for 209,000 sq. ft., the majority involving units under 5,000 sq. ft. The amount of space available rose 230,000 sq. ft., most in the EC2 and EC4 areas. Lettings in the fringe area involved 170,000 sq. ft. and availability has decreased 22,000 sq. ft.

While still on offices, another survey produced by Chancellors, the Berkshire based agents and surveyors, takes the first comprehensive look at the market in the south western region of the Home Counties, basically between London and Newbury.

It points to Reading as the town with the greatest potential and calculates that the growth of office rents in the past eight years has shown an average annual increase of nearly 23 per cent., probably one of the highest in the country.

There is, says Chancellors, a dearth of sizeable office developments in the town. An awakening of investment interest by pension funds and insurance companies in areas well served by communications could mean more activity on the way.

Even further afield, a report from surveyors Gerald Eve on the property market in Belgium which has been experiencing conditions similar to those in the U.K.

Among the worst-hit areas in the office sector has been Brussels, location of the notorious Manhattan Centre. Rothschild Investment Trust this week announced its decision to write off its investment in the complex following the almost total failure of its efforts to obtain lettings.

Rents in the city have in most cases levelled out, though not fallen. High rents are still being quoted, especially for the favoured Quartier Leopold. In the Avenue Louise area rents and capital values have dropped dramatically in real terms.

Conversely, the peripheral office area, which takes in the Boulevard du Souverain and Boulevard de la Woluwe, seems to have attracted more attention and at higher levels than might have been expected. Average rentals for modern office space across the city are apparently running at anything between £4.90 a square foot to £2.99.

BHS takes part of Biba site

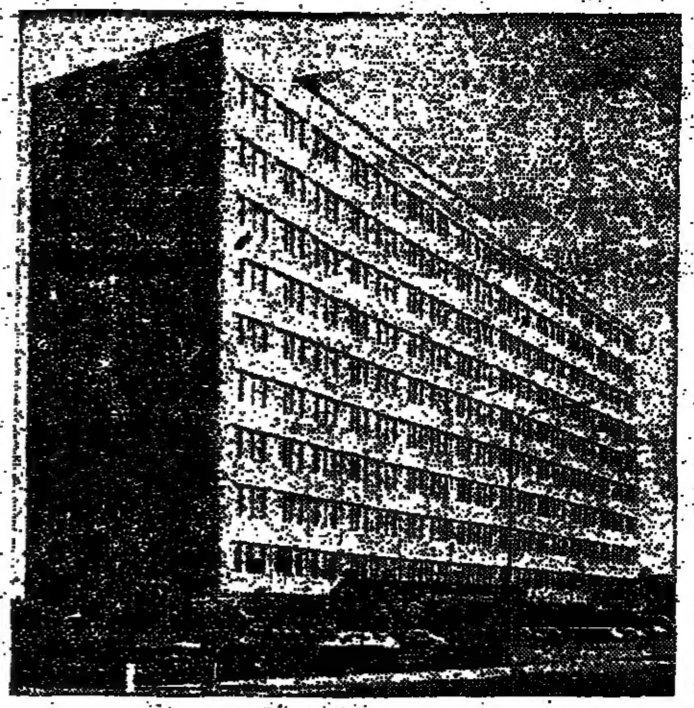
● BRITISH Home Stores has completed negotiations with British Land, owners of the former Biba site in Kensington High Street, to lease part of the building for use as a new store.

The store, which will stand alongside the new Marks and Spencer development, will have a 138 feet frontage to the High Street and will have a basement, ground and two upper floors, covering some 120,000 square feet. BHS expects the store to be ready for trading in the latter half of 1978.

The Kensington development forms part of BHS's current programme of new openings and extensions, for which £25.8m. has been earmarked over the next three years. Two replacement stores have recently opened in Nottingham and Hanley and a new one opened last month in Stevenage. The 100th BHS store will open in Colchester in September.

● British Aluminium is to take a lease on Baker Street's newest office development, which is not yet completed. The office block, developed by London Merchant Securities in association with the trustees of the Portman Estate, provides 30,000 square feet of offices, ancillary showroom and car parking space. There are also ground floor shops, not included in the letting.

It is believed that the agreed rent will be near £200,000 a year, which represents about £8 per square foot for the office element. The development, close to Portman Square, will form new central headquarters for British Aluminium and Bakofoil, a BA susidiary, will also be moving in. Richard Ellis acted on behalf of the new tenant.



Commercial Union has taken a second floor of St. Christopher House, a new office development in Stockport. CU has occupied the top floor almost since completion about ten months ago and now expansion of its activities in the area has led to the need for more space.

CU will be taking the floor below its existing offices at a rent of £1.50 a square foot.

Seven floors of the 77,000-sq.-foot building remain on the market, and the Department of Health and Social Security has been casting an eye over part of the building for some time.

St. Christopher House has been developed by London and and Leeds Properties, an associated company of Bovis Properties Northern. The letting agents are Wrather and Hillier Parker May and Rowden.

Pension fund finances warehouse

ONE OF the more heartening developments in the industrial property sector for some time is the news that an as yet anonymous pension fund is pre-financing in its entirety a new warehousing estate close to Gatwick airport.

Lowfield Heath Distribution Centre, as the complex will be called, is on the edge of the airport and when completed will offer just under 200,000 square feet of warehousing and distribution space. It is being built by Lowfield Industrial Estate and Mr. Henry Howard, chairman, says the decision to go ahead reflects his company's confidence in the prospects for economic recovery.

The funding has been arranged by McDaniel and Daw with pension fund clients of Jones, Lang, Wootton and the entire scheme has been pre-sold for an investment value which is anticipated to be in the region of £4m.

The opinion of the fund, apparently, is that tenant demand in the warehousing market in this area is now strengthening and that the Gatwick development represents a prime located site.

Phase One of the centre is already well underway and the first 50,000 square feet of warehousing and offices will be ready in September. Phases two and three are to follow and all the space, which can be adapted in size to meet individual tenant requirements, should be available within the next 18 months.

While still on warehousing development, news came yesterday that Trafalgar House Developments has acquired a freehold 10.5 acres industrial site in St. Albans for around £900,000. Very few companies, just one or two institutions, are currently in the market for sites needing financial commitments of this size, in excess of £3m., but an increasing number are seeking small sizes which can be developed competely in a single phase and, therefore, can avoid rolled-up interest on any part of the site yet to be developed.

INDUSTRIAL AND BUSINESS PROPERTY

هذا من الأصل

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The Portland Stone front of 37 Dover Street which was designed in 1772 by Sir Robert Taylor.

Ely House on Dover Street has a long history. Having been constructed between 1772 and 1776, it was the home of the Bishops of Ely continuously until 1909, when it became the Albemarle Club, one of the first clubs to offer membership to both men and women.

It was at this stage that the buildings of Berkeley Street were constructed and joined Ely House. At this time the rooms on Berkeley Street had the advantage of looking across the gardens of Devonshire House and Lansdowne House, which were not built over at that time.

One of the cast-iron lions modelled by Alfred Stevens in 1852.

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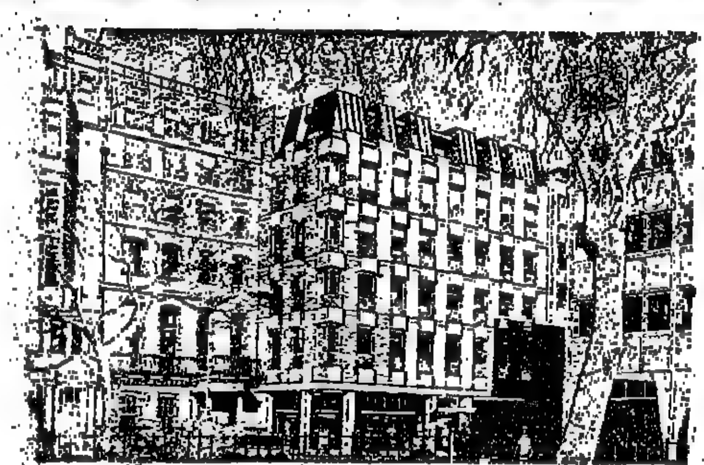

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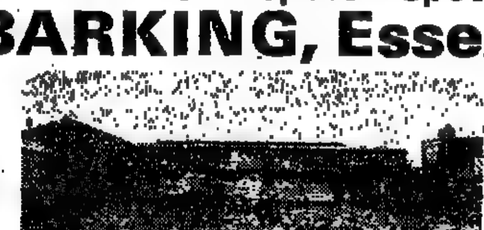

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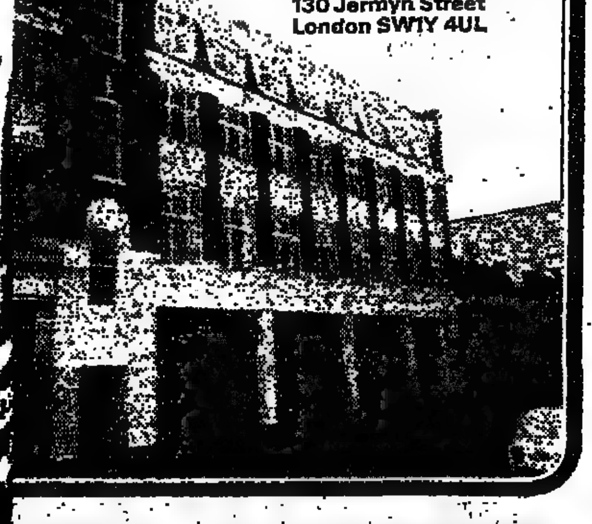

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● POWER

Supercooled motors go to sea

PRACTICAL application of the zero resistance of niobium alloys at very low temperatures in electrical machines — there would be no field or armature ohmic losses and extremely high efficiency — implies overcoming the problems of reducing the windings to very low temperatures and "commutating" the huge currents involved.

General Electric Company of the U.S. appears to be on the way to a solution that will produce motors that "are expected to individually develop more than seven times the horsepower of the most powerful superconducting motors of this type now in existence." The 3000 hp unit is being designed and manufactured under a $4.57m. contract for the U.S. Naval Sea Systems Command. Delivery of the first motor is planned for June of next year.

Of homopolar design, the motor will have two identical superconducting coils and eight rotor drums. Operating temperature is 450 degrees F below zero and the windings are from niobium-titanium. The 100 volt motors will operate at up to 1,200 r.p.m.

The current collectors used in the device are of liquid sodium-potassium (although it is not indicated how the alloy is kept in the liquid state at the temperatures involved, or how established problems of contamination are overcome). But the use of such a system gives, states GE, 100 times the current carrying capacity of solid collectors based on carbon, namely 80 A/square inch.

The collector consists of a rotor ring running in a channel cut into the mating stator ring, with a small amount of sodium-potassium in the channel.

Two of the motors will be used on the ship, each measuring 78 inches long by 39 inches diameter and weighing 7,000 lb. A conventional dc motor of the same rating would weigh nearly four times as much and measure possibly 114 x 61 inches diameter.

It is intended to use a turbine to drive a supercooled generator, in turn powering the motors.

Thus a conventional mechanical transmission will be replaced by an alignment-free electric cable running from generator to motors, which will power the propellers. This will dissociate propeller r.p.m. from turbine r.p.m., allowing the latter to be operated at optimum speed for best fuel consumption.

● METALWORKING

Machining centre pays off

A LOT of the enthusiasm that greeted the emergence of numerically controlled machines centres a decade or so ago proved to be misplaced and its true virtues—and shortcomings—are only now being more fully appreciated.

Among its benefits is the removal of manual skills on the shop floor subject to human factors and the replacement of them with the disciplines of design departments which prepare the computer programme for automatic tool operation.

It was an early fallacy to think that benefits of a machining centre would be restricted to repetitive production: in fact they have proved quite as advantageous for prototype and varied product work, or batch production.

Nevertheless machining centres can produce quite startling savings on repetitive work as Rank Xerox is finding at Mitcheldean, where it has probably the most sophisticated installation in the U.K., if not Europe. Assessment of results of this £5m. project, which has been running for just over six months on manufacturing the optical housing for the Xerox 9200 high speed printer, offers convincing evidence.

The 30,000 square feet area has 19 automatic tape-controlled machine tools doing 16 milling and three drilling operations in 35 minutes with 19 operators compared with a conventional 125 minutes with 120 operators. The centre, which has 22 single spindle automatics and 14 multi autos (contained on revolving carousels on top of the machines each holding up to 30 tools) deals with 14 different components weighing from a few ounces up to 40 lb.

The centre was built around the need to get 250 sets of components from two shifts without increasing the payroll. Rank Xerox employs 3,800 people, or about half the employed population within a 12-mile radius of Mitcheldean, a Forest of Dean village where it is undesirable to expand further.

Because components are of aluminium alloy, maximum tool speeds can be employed. But initially this raised an unforeseeable problem that was solved only after intensive investigation. The components have to be of extreme accuracy—the machine tools can resolve to 0.0004 inches—and the technicians were mystified when machined parts failed to pass inspection.

The trouble was eventually traced to speed of the operations. The heads of the machines "grew" with the heat generated by 0.0028 inches to put finished components outside the parameters set. The antidote was to insert a resistor which measures the displacement and relays a signal to the control cabinet which then compares the place where the head is with where it ought to be and makes an automatic adjustment to prevent an over-cut.

After this problem had been solved the centre began to justify itself. The machines can be amortised over four or five years against a conventional seven years and if the 9200 model is changed only the tools in the carousels need changing and not the machine itself as would be the case with special purpose ones. In addition the space savings alone are equivalent to releasing a manufacturing area worth £0.5m. a year.

PETER CARTWRIGHT

Grinds with less vibration

A NEW line of economical precision surface grinders incorporating its vibration-dampening Vibra-Sorb method of construction has been introduced by DoALL Company.

The first two models—the VS612 and VS618 will be available in a variety of types ranging from a basic manual grinder to a fully powered table, crossfeed, and automatic downfeed version.

Several new ideas are said to have been incorporated in the machines. They include tubular slides on the column, motorised spindles with balanced direct motor drives, coolant through the wheel, fully automatic lubrication, and Teflon contact ways.

Where variable speed drives are required, belt-driven versions of the new grinders equipped with variable speed DC motors are available.

DoALL's exclusive Vibra-Sorb construction utilises a special, internally reinforced stabilised concrete matrix surrounded by a metal shell in place of the usual cast-iron base. This provides vibration-dampening characteristics greatly superior to those of iron castings, it is claimed. The DoALL Company of 12 Barton Road, Bletchley, Milton Keynes, MK2 3JE (09082 71666), will be exhibiting its latest wares at the Machine Tool Exhibition which will run in Birmingham from September 22 to October 2.

Aluminium panel process

THE CANADIAN designer of a new system for producing integrally-stiffened aluminium or magnesium panels made from extrusions forged together continuously is now seeking U.K. licensees for the process.

The system is claimed to offer significant savings to fabricators of containers, decking, truck and trailer bodies, and similar panelled structures, compared with conventional methods where aluminum plate is used with extruded stiffeners.

Available in widths of 4 and 8 feet and in any desired length, integrally-stiffened panels are produced on a patented machine which effectively combines positioning and preheating of extrusions with "forge-action welding" to join them together. The extrusions are joined in a cycle of less than 30 seconds, and—says the company — the welded area is stronger than full-temper virgin metal. Savings accrue because use of the panels considerably reduces finishing and assembly time in fabrication, it is stated.

Called the Ravens-Alforge process, it is being offered by Ravens Trailers Division, Alforge Metals, of Orangeville and Mississauga, Ontario. Enquiries can be made through the Business Development Branch, Ontario House, Charles II Street, London, SW1Y 4QS (01-930 6404).

● HANDLING

Steel coil carrier agreement

WINN BOUGHTON of Amersham, Bucks., has concluded a manufacturing and sales agreement with Auxiliar Siderurgica S.A. This Spanish company—based in Barrio Terreo, Yurre-Vizcaya—will now go ahead with the manufacture of 250 ISO Coiltainer units.

The Coiltaner, an all-British development introduced by Winn Boughton in 1975, substantially reduces the cost of transporting coiled steel and is designed for use on rail, barge, lorry and deep sea cargo vessels.

The three point variably adjustable cradle system eliminates risk of damage to the coils and the need for conventional fixings and substantially reduces the time normally necessary for loading and unloading by traditional methods.

All units manufactured in Spain will initially be used to move steel coils, weighing up to 20 tons, from the steelworks near Bilbao to destinations throughout Spain.

● PACKAGING

Fills packs with fine powders

ALBRO FILLERS and Engineering Company has just delivered to Helena Rubinstein a manually operated filler able to handle the company's full range of face and talcum powders. Container capacities vary from 41 to 210 grammes.

The new twin-head machine is designed for round and oval-shaped board packs, as well as bottle-type plastic containers, and outputs between 18 and 30 per minute (depending on product and container size) can easily be maintained by an operator of limited experience, says Albro.

Because it is a vacuum-operated filling system, vacuum-balancing outer containers are provided for the board packs, which rest on a lightly-sprung platform within the outer to facilitate handling by the operator. The dust-free filling process is fully automatic, and packs have only to be handled on and off the tables, which lift them to the filling nozzles at speeds selected in accordance with size of containers.

The perfume content of the powders handled tends to cause them to adhere to the side surfaces of the supply hopper, and the machine is provided with a vibrating device to ensure a constant free flow of product to the filling heads.

Fillers of this type are stated to be equally suitable for a wide variety of other products, such as processed foods, chemicals and pharmaceutical powders.

Albro Fillers and Engineering Company is at Wharf Road, Ponders End, Enfield, Middlesex EN3 4TH (01-804 2622).

● SAFETY

Keeps watch on many channels

UP to 32 channels of temperature, flow, pressure, speed and similar process quantities can be monitored for alarm conditions using the EDIlarm introduced by EDI Electronic Engineering, 116, Fore Hamlet, Ipswich, Suffolk (0473 211222).

The solid state alarm circuits are arranged in groups of four channels on eight plug-in modules. Indicators and annunciators are mounted on the front of the modules and are normally dimly lit to give a continuous check on lamp failure.

Fault conditions on a channel are indicated by a flashing light with audible alarm if required. On acknowledgement of the fault the audible alarm is tripped and the channel annunciator glows brightly and continuously. The alarm resets automatically and the annunciator returns to the dim condition when the fault has been cleared.

Facilities are provided for a common alarm output, "and/or" gating of up to eight selected channels, operation of audible alarm on all channels, or on key channels only.

● PROCESSES

Fresh oil from old

GENERAL PLANT lubricants and hydraulic oils could be used several times over according to Sunclex, a subsidiary of Sun Oil of America, if the latter's recycling unit was used.

The unit, which weighs about three tonnes, vacuum-dehydrates and then reconstitutes the blend with fresh additives where necessary, at an average continuous flow rate of 22.75 litres per minute.

It is claimed oil is returned with free water content reduced to 10 parts per million or less and with 98 per cent. of all particles larger than 5 microns filtered out. Full details about the equipment can be obtained from Sunclex, 192 Sloane Street, London, SW1X 9RB (01-235 8961).

Marks made on metal

LATEST OF the metal marking kits introduced by Letroetch (Gt. Britain) can be used to produce marks on conductive metals by electrochemically etching through stencils.

Dark or bright marks can be made very quickly and can be in the form of trade marks, part numbers, identification codes and so on.

The kits can be supplied with various power units and include electrolytes, cleaners, stencil paper and markers. Each kit is supplied in a polished wood cabinet. Letroetch is located in Mount Road, Hanworth, Middx. (01-898 4884).

The Management Page

EDITED BY JOHN ELLIOTT

As the reign of Sir John Davis at Rank nears its end, new executive directors have been appointed. Margaret Reid reports on how they will run the diversified group

Successors to an autocrat

OMEWHAT rumbustious of the autocratic Sir Davis as chairman of rganisation seems to be not with a bang or a r, but with a broad Earlier this week the introduced the first to strengthen its full- op management which sulted from the organi- review being conducted John's successor-desig- r. Harry Smith, who is airman of the Bridon king concern.

new moves place much responsibility in the of recently-appointed e directors, including a nce director, Mr. Peter y. They go a consider- ay towards redressing lier imbalance between nany distinguished non- e directors, but only ll-timers, Sir John managing director, Mr. Evans on the Board.

Sir John Davis (right), chairman of Rank, with his successor-designate and present deputy chairman, Mr. Harry Smith.

structure

ohn, who was at the of last September's om row which upset and led to the depar- the chief executive, Mr. Dowson, with a "golden handshake," elcomed the altered e. "I'm delighted at Mr. Smith's committee e and I'm sure its pro- can only benefit the ," he said.

grey-suited and in nood, sporting a crim- ation in his buttonhole, hn, who is 70 in er but still radiates an energy, added that his during his remaining onths at Rank would do less and less".

smoothness thus pro- or the transition from ly highly controversial of Sir John to that of cessor, whose style is more traditional, must be welcome to the company and its shareholders. For it should foreshadow a return to tranquillity after an interlude of increasing storminess which culminated in September's Board split—and pressure from both the City and non-executive directors for major changes.

This pressure came against the background not only of growing top management discord last year but also of a setback to the growth of profits after a long uptrend.

Rank, traditionally a film company, now also embraces a broad span of other trading activities, including entertainments—such as bingo and bowling—radio and TV, instruments, holiday camps, hotels and property. But the brightest star in its firmament —, and one which attracted a large, though now diminished, American shareholding—has for some time been Rank Xerox, the office copier enterprise owned jointly with the U.S. group Xerox Corporation.

Rank Xerox put what for long seemed an almost miraculous impetus behind Rank Organisation's profits—it accounted for £47m. out of the £79m. of profit in 1972-73 before interest and tax. And as the Rank Xerox deal had been very much the inspiration of Sir John Davis— a protégé of the group's first chairman, Lord Rank—it further fortified his position at the head of a Board never noted for early retirements.

In recent years, however, the profit climb has faltered. Pre-tax profit (after interest), which had been only £19m. in 1965-66, rose to a peak of £68m. in 1972-73, but then slipped back to £52m. last year, after an £11.7m. loss by the Rank Radio International subsidiary.

This setback coincided with increasing tension between Sir John—who, while remaining in a full-time role, ceased to be chief executive in October 1974 —and his successor in that office, Mr. Dowson. The clash exploded last September into the widely publicised row, which was said to be partly related to controversy over Mr. Dowson's fourth marriage (Sir John's sixth followed not long afterwards).

The fracas, with elements which might have made the scenario for one of the group's films, led to behind-the-scenes expressions of concern about the group's thinning top management structure, and other matters, from the non-executive directors. These include Lord O'Brien, former Governor of the Bank of England, and Lord Helsby, once head of the Home Civil Service.

Top management

The departure of Mr. Dowson was followed by the promotion of the company secretary, Mr. Russell Evans, to become managing director and, as such, the sole executive director other than Sir John. This situation, for a company with nearly 40,000 employees, caused disquiet in the City and beyond and led to increasing calls for a rebuilding of full-time top management.

The fact that the bulk of the shares was of non-voting form simultaneously attracted attack because it meant that the bulk of shareholders, including institutions, was without a direct say, since control then resided with the private Rank Foundation. All this prompted representations from City investing institutions, whose associations saw Sir John in the autumn. Afterwards an enfranchisement of the "A" shares, which had already been under consideration, went through.

Then in January it was announced that Mr. Harry Smith, who is 59, would take over the Rank chairmanship from Sir John in March 1977. Mr. Smith immediately joined the Board and began to preside over a five-man Board committee — including Mr. Evans, the managing director — which has been re-examining the group's management arrangements.

RANK ORGANISATION

Profit	1972-73 £m.	1974-75 £m.
Trading subsidiaries	24.7	16.2
Rank Xerox	47.4	51.0
Other	7.5	5.5
Total profit (pre-tax and int.)	79.6	72.7
Total profit (pre-tax)	68.4	52.4

MAIN INTERESTS: Large stake in Rank Xerox, owned jointly with Xerox Corp. Operating subsidiaries: Butlin's, City Wall Properties, English Numbering Machines, Pinewood Studios, Rank Advertising Films, Rank Film Distributors, Rank Hotels, Rank Leisure Services, Rank Audio Visual, Rank Film Laboratories, Rank Precision Industries, Rank Radio International.

Though small, the committee is weighty in authority, its other three members being Lord Helsby, Sir Reay Geddes, chairman of Dunlop, and Mr. Cyril Hamilton, a former senior official of the Bank of England.

This week's moves, the first fruits of the committee, give to each of two senior managers who were promoted to the group Board in January, a key managerial responsibility for several operating subsidiaries. They are Mr. Edmund Chilton and Mr. Brian Smith. Mr. Chilton is named executive director for leisure services and the hotel companies; he also takes over from Sir John who has until now formally held these offices, the chairmanships of Pinewood Studios, Rank Advertising Films, Rank Film Distributors, Rank Hotels, and Rank Leisure Services. Mr. Brian Smith, now executive director for the industrial and consumer product companies, similarly becomes chairman of four subsidiaries, Rank Audio Visual, Rank Film Laboratories, Rank Precision Industries and Rank Radio International.

This arrangement will lift much of the recent burden from Mr. Evans, who will himself chair the Butlins, City Wall Properties and English Numbering Machines subsidiaries. "I think it's clear that the responsibility carried by Mr. Evans has been very excessive. This will give him more time to consider the bigger issues and opportunities that lie ahead," says Mr. Harry Smith.

At the same time, "the appointment of two executive directors responsible to the group managing director for their respective areas of activity will provide closer support for the various managing directors of the subsidiaries," he adds.

Mr. Courtney, the accountant just promoted to the new post of finance director, will have the usual duties of such a post over financial and borrowing arrangements. He will also "ensure that the systems of accounting and financial control are properly designed and competently administered, and that they provide an accurate and prompt flow of information," Mr. Smith explains.

Although there are now four executive directors, apart from Sir John and Mr. Harry Smith—compared with 12 part-timers (the Board has refused to accept Mr. Angus Ogilvy's offer to resign in the wake of the Department of Trade Inspectors' report on Lonrho)—more may be created later. The committee is now going on to review the central, as distinct from the home subsidiaries' organisation, and the overseas offshoots.

De-centralised

One other major conclusion also reached by Mr. Smith's committee—and endorsed by the Board—is that Rank should retain its present de-centralised system of management at operating levels.

Of the revised structure and system, Mr. Smith, a quiet figure with a reputation as an effective top administrator says: "The group has 12 operating subsidiaries in the U.K. and these cover a very wide range of activities. This situation requires that each company has its own management which is expert in the particular fields in which it operates and it would clearly be impractical to build up a central control organisation capable of managing in detail such diversified activities.

"The role of the centre must be primarily concerned with ensuring that strong management exists within each subsidiary company and that these managements are encouraged to use their own initiative and judgment.

"At the same time, it has to be accepted that the ultimate responsibility for the affairs of the group rests with the chairman, the group managing director and the Board. It is therefore vital that they are properly informed, and that there is strong financial control exercised from the centre."

For a group that is so diversified that it has something of a "conglomerate" flavour about the mix of its operating activities, this control is clearly essential. How effectively it works will be one test of the success of Mr. Smith's new structure.

A family meat company goes public after 113 years

Borthwick's structure for international trading

TEN YEARS AGO, the Borthwick family decided that an outside view should be sought on the way in which their company, Thomas Borthwick and Sons, was being run. This decision was to prove one of the most significant in the then 103-year history of the company. For the subsequent appointment of management consultants led to a report which prompted a radical change in the shape of the group's organisational structure and, later, in its management.

Next week, Thomas Borthwick will be going public with an issue of shares likely to raise about £10m. and value the company at over £30m. The move has been contemplated by the company for some time, but it seems to have been partly precipitated by the death early last year of the chairman, Mr. Algy Borthwick, and his wife in a car accident. Mr. Borthwick, by all accounts a forceful character, was the prime mover of the changes.

The Stock Market is being presented with a company in a business which can be extremely volatile. It is a major meat wholesaler in the U.K., Australia and New Zealand—owning a total of 17 meat works and operating through 22 others —and has a large trade in the U.S. More recently it has moved into Japan, currently a difficult market.

By-products—leather, tallow and glands for pharmaceuticals —account for a fifth of a turnover now approaching £250m. and it has a shareholding in Freshbake Holdings, a frozen foods concern. It has its own beef and lamb producing companies, but buys over 95 per cent. of its requirements.

Being much more of a "one-product" company than some of its major competitors, such as Vestey and FMC (which have retailing outlets of shipping, for example), Borthwick is considered by some in the meat trade to be less "cushioned" when the market turns down. Certainly when the market deteriorated in 1974 Borthwick emerged with a £13.6m. pre-tax loss, although other economic factors contributed to that.

Such a weakness would probably be refuted by Dr. William Bullen, the man brought into Borthwick from Pfizers by Mr. Algy Borthwick in 1968 to become the eventual managing director and who took over the chair on the death of Mr. Borthwick. Dr. Bullen strongly believes that the management structure allows the group to operate efficiently in a global as well as local basis.

The organisation he speaks of is very different from that of ten years ago and Dr. Bullen sees Algy Borthwick as the catalyst to the change. Up to 1967-68, Borthwick was a traditional family-run company with a rather loose structure. Acting on the management consultants' recommendations and his own instinct Algy Borthwick set up a separate international company to oversee the whole group, particularly the overseas operations. Until then, the directors of the U.K. "parent" company had been responsible not only for day-to-day management of the U.K. but also coordinating of the overseas companies. Outside management was also brought in and the general objective was to instill a more "professional" approach to the business.

Committees

Among subsequent innovations was the creation of a planning committee, headed by the chairman and comprising the top executives, including the chief general manager. At various times this co-opts on to its membership specialists within the company who can bring to bear particular knowledge. There is also an executive committee consisting of the executive members of the main Board, which "runs" the company.

Dr. Bullen says the management philosophy they have tried to encourage is "individual accountability". The chief executives of the companies within the four group divisions —Australia, U.S., New Zealand and U.K.—have considerable autonomy and are accountable to Mr. Norman Hunt the chief general manager, who runs the day-to-day business on a group basis and reports to Dr. Bullen.

Each financial year begins in October, but planning for it starts the previous January with the planning committee meeting for a fortnight to carry out a general review and draw up overall group and divisional strategies of where and how the group should be operating. A dialogue with each of the divisions then begins and objectives are set. This takes until April and the work done forms the basis of the budgets drawn up by the divisions. In July the divisional general managers converge on London from around the world for a face-to-face session with the planning committee before their budgets are approved.

Subsequently, the budgets, strategy and other documents go to the main Board for approval, by which time September has arrived and the company is ready to launch into a new year. Around this framework, though, are regular quarterly, monthly, weekly and daily meetings of planning and executive committees which plot the progress of the group against objectives and take whatever action is necessary to resolve difficult situations. In the day-to-day management the divisions are given a large measure of freedom to act as they think fit, although larger decisions are made in consultation with London to ensure that damaging repercussions elsewhere in the group are avoided.

The changes engineered by Algy Borthwick have led to many directors coming from outside the Borthwick family. And although there are still a number of non-executive family directors and others working in the group, a "family rule" still applies that only one person per generation from each of the several branches of the family may enter the business.

Dr. Bullen instigated the management systems and he describes the changes as a "process of revolution"—but one which is being taken gently and which still has some way to go.

Nicholas Leslie

More bank employees moving for better pay

BY SUE CAMERON

THE NUMBER of bank employees trying to find new jobs with better pay has doubled during the past six months — according to a survey by the incomes research unit of Lloyd Executive.

The survey looked at pay and employment trends in 52 international banks and 29 merchant banks. It covered 1,065 employees working at all levels from clerical to senior management. It was found that the number of vacancies in the banks had more than doubled since January this year and this was not the result of a general recruitment drive. The 81 banks had 99 vacancies between them, representing 0.9 per cent. of their combined workforce. About 20 per cent. of the positions to be filled were for people at professional or executive level, including foreign exchange dealers, credit officers and system and data processing managers.

The survey showed that only 17 of the 81 banks taking part were planning to take on any extra staff and in almost all cases the numbers involved were small. On the other hand 18 banks were found to have cut back on staffing over the last year.

The main reason for the increase in staff turnover appears to be the desire for better pay. The report says that nearly one-third of the 630 job applicants interviewed by Lloyd Executive gave "more money" as the main reason for trying to change jobs. Although 58 per cent. gave career development as the main reason for moving, the report points out that many professional and executive people tend to use career development as a euphemism for higher salaries.

Earlier surveys by Lloyd Executive show that between January 1974 and June 1975 average pay in the City banks rose by 45 per cent. overall. But the retail price index went up by 55 per cent. during the same period. Most of the banks involved in the survey did not give the maximum £312 rise allowed under the pay code to all their employees and only four of them made any attempt to maintain differentials by awarding junior staff less than the full £312.

The survey found that the number of school leavers employed by the banks was negligible—only 34 people out of a total workforce of 11,029. Formal training programmes for graduates were also found to be on the decline.

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FRIDAY, JULY 23, 1976

Good in most parts

THE CHANCELLOR made a point yesterday, presumably in view of the latest unemployment figures, of arguing again that economic recovery is proceeding faster than expected. But the two main objects of his 1977/8 package which he stressed, and which cannot easily be separated from one another, were to shift the balance of the economy so as to encourage exports and productive investment, and to maintain the confidence of those from whom we may have to borrow to finance our external deficit in the meantime. The public sector borrowing requirement for the current financial year is now put at £11.5bn., rather less than the Budget estimate, and the Chancellor intends to bring this down to £9bn. or less for 1977/8. He expects that economic recovery will itself contribute about £1bn. The remaining reduction is to be brought about by cuts in public expenditure totalling £1bn. and an increase in employers' national insurance contribution which will bring in £1bn.

The expenditure cuts have been prepared in some haste and show signs of it. It is evident in some cases that spending is being deferred or transferred rather than cut. In others it is difficult to judge at this stage how far the cuts are genuine and what their economic effect is likely to be. The Government seems more interested at present in their overall effect, which is said to be to reduce the PSBR from nine to 6 per cent. of Gross Domestic Product.

Selective cuts

The cuts, as the Chancellor was at pains to stress, are selective rather than across-the-board. Those which will arouse most concern in the Labour Party and the TUC are those which will do most to assure our actual and potential overseas creditors that the Government is in earnest—the more rapid phasing out of food subsidies, increased charges for school meals and for teeth and spectacles. The TUC may also be concerned that the Government is imposing what is something like a payroll tax and delaying payment of regional development grants at a time of high unemployment. But the Chancellor expects unemployment to begin falling before the end of the year and intends to announce further measures to ease the problem of unemployment among school-leavers: he has also promised once again to keep under review the problems of viable industries threatened by cheap imports.

Employers, in fact, may feel that they have more reason to complain than the unions about various changes affecting them—most of them justified by the Chancellor as part of the new strategy of selective rather than general assistance to industry. It is true that higher taxation and the loss or postponement of various grants are being accompanied by a further easing in the terms of the Price Code, but the higher taxation was unexpected and is to be accompanied by an increase in the resources of the NEB. This is an aspect of industrial strategy which the CBI should certainly watch with some concern.

Favourable points

But the CBI may also reflect that profits are likely to be considerably higher when this new tax begins to come into effect, just as the TUC and the great majority of the Parliamentary Labour Party should realise that public expenditure had to be cut and that it is better that it should be cut voluntarily than at the demand of the International Monetary Fund. From the point of view of the uncommitted observer, there are several preliminary points to be made in favour of the package as a whole.

First, the Government has gone for a reduction in the borrowing requirement to £9bn. or less. Second, it seems to have got a much tighter control over expenditure: the prevention of the overrun in housing expenditure and the fact that the contingency reserve has been reduced in line with policy changes since the Budget are cases in point. Third, it has given a forecast of a kind about the likely growth in money supply, which it apparently intends to keep under firm control. Given the difficult circumstances in which it had to act, this is by no means a negligible achievement. What still remains unclear is whether the Government is really aware of the sort of climate needed for private investment to flourish. It may see the payroll tax as a tactical move. It is not easily reconciled with the proclaimed industrial strategy.

Cost of a falling gold price

THE SHARP DECLINE in the gold price over the past ten days is the main reason why the South African Government has just introduced tough new measures to deal with its deteriorating balance of payments. But the package of measures, which includes a deposit scheme covering some 60 per cent. of imports, has deeper implications, for South Africa currently confronts what are probably its most serious economic and political problems for over a decade.

Recession

On the economic front, the Republic is suffering from the worst recession for many years—indeed, 1976 looks like being the first year in recent history in which there will be a decline in GDP. The latest measures come less than a year after an 18 per cent. devaluation of the Rand, and only some three months after Senator Horwood, the Finance Minister, introduced the toughest Budget South Africans have experienced for a long while.

Though impartial observers were sceptical even then, Senator Horwood, on a visit to London on the eve of the latest IMF gold auction, declared himself satisfied that measures so far taken would succeed in stabilising the inflation rate at around 10 per cent., and that capital inflows, together with the delayed effects of devaluation on the import bill, would reduce the balance of payments gap to manageable proportions later this year.

While what happens in the months ahead must depend partly on the success of the new measures, as well as on whether the gold price decline continues or is stemmed, these predictions now look far too optimistic. The payments gap is such that reflation must be delayed. Meanwhile, real disposable incomes are falling, profit has been slashed, consumer related industry is beginning to be in trouble and above all, South Africa's Black work force is suffering far more than Whites from inflation and unemployment.

Alarming rate

While the latest government statistics show that the number of Africans being absorbed into employment is well below official projections, an independent university study suggests that African unemployment is now rising at an alarming rate and may reach nearly two million (or almost 20 per cent. of all economically active Africans) by the end of this year.

Such a level of course is much less of an obvious political threat for the South African government than it would be in Europe, since Africans have neither the right to bargain through trade unions, nor the right to vote.

But seen against the background of the rising discontent among South Africa's blacks with their lot under apartheid, black unemployment is potentially one of the most serious economic and political aspects of South Africa's deepening troubles. Although nothing so dramatic has occurred since 176 people lost their lives in the Soweto and related township riots last month, scarcely a day has passed since then without some incident involving a violent expression of black hostility to apartheid. Some South Africans believe that with the current economic crisis putting jobs at a premium, the African work force will become more docile. The contrary, and almost certainly more valid view, is that more Africans will be driven into even greater desperation.

THE EFFECTS OF THE CUTS—1

ECONOMIC ASSESSMENT

BY SAMUEL BRITT[AN]

A package aimed to impress our overseas creditors

THE total size of the Chancellor's package is much nearer the £2bn. desired by the countries which provided the Central Bank credits and the IMF than it is to the compromise allowance of £1bn. being canvassed only a little while ago. Moreover, the £9bn. target public sector borrowing requirement, for which Mr. Healey is aiming in 1977, is almost exactly the figure which anyone who has spoken to overseas central bankers would know was expected.

While it is certainly possible to make out a case for what has been done on what might be called in the very broadest terms "monetarist" grounds it is very hard indeed to justify them in terms of the resources arithmetic, which has normally governed Treasury policy. Moreover, the monetarist case for reducing the budget deficit was at least as strong at the time of the April Budget as it is now. It is difficult to believe that the changes in the economic forecast quoted by the Chancellor have convinced even his own advisers that there was an internal case for action.

The change between the old 4 per cent. economic growth rate for the 18 months up to mid-1977 and the new 4½ per cent. forecast for the 18 months up to the end of 1977 is both suspiciously obscure and not very spectacular. It is known that there was a strong Treasury desire to postpone a decision on next year's borrowing requirement until much nearer the 1977 Budget; but British policy-makers always realised that their hand might be forced by overseas pressure.

The clue to what has happened is to be found to some extent in a slightly more pessimistic prognosis for the current balance of payments, but much more in terms of the drawings made on the $5.3bn. of Central Bank credits and the attitudes adopted by sterling balance holders. However distasteful the new cuts might be politically, the Prime Minister and Chancellor obviously thought that it would be better to adopt them now "of our own free will" than to be seen to adopt them later in the year in response to IMF pressure.
three ET

It might be helpful to disentangle the financial arithmetic. At the time of the Budget the Chancellor predicted a public sector borrowing requirement of £12bn. for 1976-77. He now expects it to be down to £11½bn. On unchanged policies, the forecast for 1977-78 was £10½bn.

Before the Chancellor got up yesterday, he was facing an increase in programmes for the next financial year of nearly £0.3bn. over and above those announced in the last White Paper early in February. This is measured in "1976 Survey prices." The Chancellor announced cuts of £0.95bn. The net effect together with changes in the contingency reserves is a cut of £0.7bn. for 1977-78. Translated into predicted actual prices, the saving amounts to about £0.8bn.

These public spending cuts are, however, even if they take place in full, dwarfed by the 2 per cent. increase in employers' national insurance contributions, which would yield over £1bn. in a full year. The contribution to reducing the PSBR in 1977-78 will, however, be £0.7bn. This is, of course, a tax increase and not a source of finance for social security payments.

The combined measures should, therefore, reduce the dPSBR the required £9bn. in 1977-78. Indeed, it is know that after the ridicule which the Treasury suffered as a result of unanticipated overspending in 1974 and 1975, future estimates are deliberately being put on the cautious side; and there were those who argued that with a faster rate of economic recovery, the PSBR next year might fall below £10bn., even without the policy changes.

One must, even at this late hour, raise a protest at the continued failure to present estimates for the Budget deficit and the borrowing requirement on a standardised basis. By this I simply mean trying to separate out changes in the tightness or ease of fiscal policy from automatic changes brought about by boom or recession. This standardised basis of presention is sometimes called "the full employment Budget." But this is somewhat misleading, as a standardised presentation does not commit one to any particular employment target and is indeed supported by many economists who do not believe in such targets at all.

One's overwhelming impression is that the Treasury has tried to make financial savings, which are as large as possible, with the minimum effect on real demand. Government experts were predicting some 350,000 more jobs in manufacturing by the turn of 1977-78 without the new measures. This is not necessarily a reduction in unemployment, as there is a demographic increase in the labour force; and quite apart from this at least some new jobs in this upturn are taken up by people not previously registered as unemployed. The new measures are expected to act the other way and add 60,000 to the unemployment total.

My view is that the impact on jobs will not be determined by this sort of calculation at all. It will depend more on whether the measures persuade business investors at home and abroad of the longer term outlook for profitability. An important detail is whether the unfavourable impact of the national insurance increase—which is allowable against the Price Code—is or is not outweighed by the relaxations in the Price Code itself.

Just as important are the intangile factors which make up confidence, and whether the business community now believes that there is a prospect of continued, if moderate, expansion with less go-stop than in the past. Another vital factor will be the reaction on the labour side: how far people will now realise that the Government has, however reluctantly, abandoned full employment policies—and it is now up to them to find jobs at a wage which reflects the market value of their contribution. What matters is not whether union leaders "accept" the package or not, but whether in the coming return to collective bargaining, they take care not to price their members out of jobs.

But as with most reluctant converts the Government's monetarism is a little clumsy. The combination of a 10 per cent. increase in the broadly-based money supply so far in the financial year, with a forecast for 12 per cent. for the whole year suggests that there will be a considerable acceleration in the last few months of 1976-77, and Mr. Healey himself has spoken of this possibility.

This would not matter so much if the authorities were simply warning against fluctuations around a target path. But the message is still going out that the monetary figures are forecasts rather than objectives. Moreover, the Chancellor's expectation of lower monetary growth in the next financial year is conditional on "inflation and output" moving as predicted. The casual sequence is still the wrong way round and the overseas observer does not yet have the reassurance he seeks.

The Chancellor would not have had to be quite so severe fiscally if he had been firmer on the monetary front; and in my view, he would have been able to avoid the entirely objectionable increase in National Insurance contributions. Presumably the Treasury does not think that this will hit employment particularly hard because it will be passed on in higher prices. This is far too "macro" an approach. The tax will not be equally easy to pass on in all sectors; and overall it must turn the balance against labour intensive methods in favour of more highly capital-using methods. Indeed, Mr. John Flemming, the new editor of the *Economic Journal*, actually recommended earlier this year that employers' contributions should be *reduced* to lower real wages as seen by businessmen, and the sums made up by savings elsewhere in the Budget.

The composition of the spending cuts gives all the appearance of a hasty trawl around the departments to find a little of everything. Indeed, it looks to an outsider as if political objections within the Cabinet soon became so large that the Chancellor decided that the national insurance tax was a lesser evil than pressing ahead further.

The best thing in the package is the re-assertion of controls over local authority housebuilding and the three months moratorium on new starts. But this is simply a reversal of some very bad policies introduced in 1974, and hardly makes a beginning on the much needed re-appraisal on housing policy.

The whole package seems guided by the desire to save political trouble, even at some cost in the logic and humanity. How else can one explain the fringe savings in social security benefits, while prescription charges remain unchanged? The vast blanket housing subsidies have not been altered; and a mere token reduction is to be made in the food subsidies. It is more important to be seen to be "compassionate" in terms of the more elderly Labour Party cliches than actually to help the poor.

As for the move away from "general" and towards "selective" aid to industry, this is a shift in entirely the wrong direction for anyone who believes that politicians and officials are not very good at spotting investment opportunities that the capital market has missed. One can argue endlessly the case for and against the general grants for business activity in the high unemployment regions, which have been given according to publicly stated rules with little political discretion. But there is no case at all for tightening up on regional assistance and redundancy payments to safeguard loans to capitalist firms which cannot pay their way commercially.

An all too brief word is necessary on how the public finances got into this state. Some Cambridge calculations suggest that if an allowance is made for cyclical variations in economic activity, public spending this year is little higher as a proportion of the natio[nal pro]duct than in 1967 or 197[3]; calculations do not dep[end on] any of the more contr[oversial] views associated with [Cam]bridge on import cont[rols] feasible levels of full [employ]ment; and they take [...] payments at their face [value].

The real pressures ha[ve come] from two main directio[ns] is that because of the [failure] to index, income ta[x and] national insurance contr[ibutions] have become more im[portant] as a source of revenue [...] direct taxes, especially o[n] tobacco and petrol, mu[ch less] important. In additio[n the] marginal tax on extra e[arnings] has now shot up, as th[e table] shows.

A manager earning [...] times the national aver[age ...] tax will have 60 per [cent. of] any salary increase taxe[d away] compared with 30 per ce[nt. ...] years ago. A skilled [worker] who aspires to earn t[wice the] national average will [...] per cent. of marginal [...] taxed away. Correction [of such] unplanned disincentive[s would] have a negligible fiscal [...] is prevented mainly be[cause of] the fear that it wil[l ...] union leaders, who ar[e being] wooed for the incomes [...]

Finally, the table on [the pub]lic sector balance on th[...] suggests that on the m[ost con]vincing measure—whic[h in my] view is column 3—th[e public] sector borrowing requ[irement] might have come dow[n to rea]sonable proportions [...] without the changes. T[he Cam]bridge assumptions, [...] have adjusted, are only [...] more optimistic than [those of] the Treasury.

The view that one ca[n wait] until 1978 is correct. [...] to have started adjus[ting the] balance was in 1973. Bu[t ...] conversion to this view [brought] about by unexpected [...] on sterling, is liable to [have] some strange and un[...] side effects, which [are] quite as important as th[e] arithmetic.

EFFECTIVE AND MARGINAL RATES OF INCOME TAX

plus Social Security contributions for a married man with two children under 11, with income (all earned) expressed as a multiple of average male earnings. (1)

Multiple of average male earnings	1964/65	1970/71	1973/74	1976/77
EFFECTIVE RATES				
1	9.5	20.0	18.8	24.8
2	19.3	24.6	25.0	31.4
3	22.9	27.7	26.7	38.1
4	24.7	31.2	30.1	44.8
5	26.5	35.5	34.2	50.2
10	37.9	53.7	49.3	65.8
20	58.5	72.0	61.9	74.4
50	76.4	83.6	69.8	79.6
MARGINAL RATES				
1	23.3	35.1	35.0	40.8
2	30.1	32.1	30.0	45.0
3	30.1	36.7	30.0	60.0
4	30.1	47.8	45.0	70.0
5	34.4	52.2	55.0	75.8
10	58.9	83.8	70.0	83.0
20	88.8	91.3	75.0	83.0
50	88.8	91.3	75.0	83.0

(1) Average earnings are based on the figures computed by the Department of Employment for male manual workers, but include family allowances. The averages for 1964-65, 1970-71 and 1973-74 are respectively, £962.5, £1,506 and £1,950; for 1976-77, average earnings have been estimated at £3,478, though the tax rates calculated in the table are not very sensitive to the precise figure taken.
Source: The Budgetary Situation: An Appraisal, by Robert Neild and Terry Ward, Cambridge Department of Applied Economics.

THE OUTLOOK BEFORE THE CUTS
STANDARDISED PUBLIC SECTOR BALANCE
% of GNP

	Public Sector Deficit: Cambridge estimate assuming 650,000 unemployed	Public Sector Borrowing Requirement	PSBR: Adjusted to 950,000 unemployed	u[...]
1975	−5.8	−7.4	−9.8	
1976	−5.0	−6.4	−8.8	
1977	−2.6	−4.1	−6.5	
1978	−0.4	−1.1	−3.5	
1979	+2.8	+1.3	−1.1	
1980	+4.2	+2.7	−0.3	

Source for first column: The Budgetary Situation: An Appraisal, by [Robert Neild] and Terry Ward, Cambridge Department of Applied Economics. The [...] contain our own adjustments. In column 2 an estimate of [...] transactions has been added to give the borrowing requirement. [...] show the borrowing requirement on different assumptions about normal [...]

MEN AND MATTERS

More EEC dairy problems

"Can I sell you a ticket for charity, sir?"

The Government sponsored Agricultural Research Council yesterday unintentionally highlighted the absurdity of one aspect of the EEC's Common Agricultural policy—the one popularly referred to as the skimmed milk powder "mountain."

The EEC has 1.3m. tonnes of this stuff kicking around, and has made itself unpopular both inside and outside the community by forcing animal feedstuff manufacturers to pay a deposit on imported protein ingredients. They do not get this deposit back until they have used a certain amount of the skimmed milk surplus as a raw material. The feed firms claim that this adds at least £2 a tonne to the cost of their products as well as being an unwarranted intrusion into their liberty to select the best raw materials for the job.

(In round terms manufacturers still have to pay around £300 a tonne for skimmed milk even after subsidies of £200 a tonne. This makes skimmed milk about twice as expensive as other ingredients which sometimes are better suited anyway.)

Now enter the ARC which has proudly announced that one of its research institutes has developed a lamb feed which could do much to increase the productivity in Britain's sheep farming, and which contains no milk at all. Most commercial lamb milk substitutes are based on good quality skimmed milk powder refilled with animal and vegetable fats. But, in the ARC's own words, "The price of skimmed milk powder makes these products too expensive to use for lambs in this country."

Faced with this conclusion the EEC may perhaps decide to heed the advice given earlier this week by Britain's chocolate and confectionery manufacturers, that prices should be cut to levels which would spur increased consumption in order to dispose of this embarrassing dairy surplus.

Really looking ahead...

Yesterday I mentioned the National Institute of Economic and Social Research and its respected review, but NIESR's forecasting is on a timid scale compared with the Fort Lauderdale Institute for Econometric Research. I am afraid this is another bicentennial stunt, but one hard to resist.

The American institute's bimonthly letter Market Logic (*there's a provoking thought!*) has come out with a 200-year forecast for the U.S. stock market. With the unstated proviso that capitalism lives as long as that, the forecast is a happy one. Market Logic reckons the yields of 9 per cent. that have been the norm lately will give way during the 21st and 22nd centuries to a more modest 6 or 7 per cent.

"By the time your great, great, etc. grandchildren wake up on the morning of Thursday, July 4, 2176, to celebrate America's quadricentennial, the financial pages should show a rock bottom closing by the Dow for the previous day of 369,356." That's a good bit up on the present Dow Jones average hovering just under the 1,000 mark; any thoughts on the FT index for the same era?

...looking back...

Another subject yesterday concerned the Japanese company Renown, which got its Westernised name from the battle cruiser which took the then Prince of Wales on a visit to Japan in the twenties.

One reader points out an ironic and not so amicable sequel. One of the dark days of the last war came when, prior to the fall of Singapore, H.M.S. Renown was sunk by the Japanese, who in the same action also destroyed ... H.M.S. Prince of Wales.

...rounding up

Returning to the U.K. stock market, one company in the strikingly busy new issue season now under way is meat wholesaler Thomas Borthwick and Sons. Among its interests, Borthwick has 36 per cent. of one of Australia's largest pastoral companies, Stanbroke, which is based in Queensland and has half a million cattle munching their way round 15m. acres.

That is obviously a huge area to administer and there is a nice story that one day Stanbroke employees came across a steer that from markings had clearly been mooching around for no less than 20 years. Sad to say, the animal's reward for such resourcefulness was to be promptly slaughtered for its hide. Business, as they say ...

Arm yourself

A man was given the post of assistant zoo keeper and the head keeper assigned to him the task of looking after the zoo's fairly small octopus. "What does that involve?" our man asked suspiciously. "Oh, there isn't a lot to it," replied the head keeper, "You simply feed him once a day, and once a week you take him out of his tank and change the water for him."

At the end of the week the man was back to the head keeper. "Its no good," he said, "I just can't get him out of the tank. I can prise four of his tentacles loose at any one time, but he clings like grim death with the other four."

"Ah!" said the head keeper, "What you need is a shovel." Off went our man to try his luck with a shovel, but was soon back complaining: "That doesn't help; even when I get the shovel underneath him, he still clings to the side of the tank like grim death."

"Stupid!" shouted the head keeper. "That's not what the shovel is for: you use it to bash him on the head. He puts all eight tentacles over his head to protect himself—and you flip him out of the tank!"

Observer

PACT ON LABOUR

BY DAVID WATT

Some credit for an ingenious mix

THE Prime Minister ...e Chancellor of the ...uer managed to square ...cle? I leave others to ... whether they have cut ...ture enough to satisfy ...ditors. All that a poli... ...mmentator can say is ...hey have not done ... to cause the immedi... ...n fall of the Govern...

...mixture is, as usual, in... . Cabinet ministers of ...parties—and Treasury ... too, for that matter—...eem to have the slight... ...iculty in devising rela... ...painless-looking options. ...oposals outlined by Mr. ... yesterday are calcul... ...cause the least possible ... of feathers in the ... Party and when, inevit... ...occurs, some compensa... ...pedient is at hand to ...ooth them down.

... local authority mort... ...ding is cut; but—lo and ...there are the Building ... ready to fill the gap. ... hospital building and ... charges on teeth and ...s are painful; but there ...n no cut of current ...rvices, has there? Who, ... few Ulstermen, cares ...ts in Northern Ireland? ...o but a few egg-heads ...-haired students about ...university building and ... to science and the ...he capital programmes ...nationalised industries ...en slashed, but Mr. ...d Benn and the ...National Oil Corporation ...aped—so that's all right. ... to Defence are, regret... ...only rephasing and ...t—but that's a step in ... direction, isn't it? And ...he total isn't as bad as we feared, particularly since the gap is being filled by increased National Insurance contributions from — whoopee — the employers.

Patriotism

It is easy, and not unjustified, to "guy" the operation in this way. And yet it is only fair to recognise the real dangers and difficulties the Government have had to face in producing the package at all. It is true that there has been, over the past six months, a perceptible change in the public mood and in the whole tone of the Labour Party. There is a feeling of fear and rather unexpected patriotism around which the Government has been able to exploit. Who would have said two years ago that the present level of unemployment would be borne by the Labour movement with so little real sign of revolt? But who, even six months ago, could have envisaged a Labour Chancellor daring to get up and calmly announce decisions which, on his own confession, will actually mean 60,000 more unemployed next year than would otherwise have been the case?

A certain amount of political courage and a great deal of political elbow-grease has been necessary. Even the extraordinary measures which have had to be taken in order to sell the package—quite unlike the usual routine on such occasions—have constituted a kind of gamble.

The "normal" scenario is described in Mr. Richard Crossman's diary entry for July 27, 1965: "When I got to my office at 9.30, I found a new draft of the (cuts) statement which had only been agreed by the Prime Minister, Brown, and Callaghan at one o'clock in the morning. What happened then was as near to central dictatorship as one is likely to get in a British Cabinet. At Cabinet we were not given the time to discuss the underlying strategy, or even to consider the document as a whole. We were told to 'take it or leave it' as it stands." Needless to say, they took it, just as they took it 12 months afterwards in the July cuts of 1966.

It must have been tempting to try the same trick ten years later still—a brief huddle of the Prime Minister, the Chancellor and some top Treasury officials; some hurried bilateral negotiations with the most powerful spending ministers; a quick phone call to Mr. Len Murray and Mr. Jack Jones, and a *fait accompli* for everybody else. But by a deliberate personal decision of Mr. Callaghan this formula has been rejected and an unprecedented agony of consultation put in its place.

Seventeen hours of Cabinet discussion, to say nothing of confabulations with the TUC Economic Committee, the Parliamentary Labour Party (twice), the Home Policy Committee of the National Executive, and even the Tribune Group preceded yesterday's announcement. There has been no "gabfest" like it since the Council of Trent.

The advantages of this procedure are obvious. Everyone has had his say. Everyone has let off steam. The Prime Minister will be able to get up before the Labour Party Conference in October and talk about unity and the team spirit, perhaps if he is daring about participatory democracy, without being hissed off the stage.

Unions and the Left united at last October's Party conference. From left to right: Mr. Michael Foot, MP.; Mr. John Forrester, Amalgamated Union of Engineering Workers; Mr. Harold Hickling, General and Municipal Workers' Union; Mr. John Chalmers, Boilermakers; Mr. Ian Mikardo, MP; and Mrs. Barbara Castle, MP.

On the other hand there has been a price to pay, as, alas, there usually is when politicians attempt to practice what they preach. The long drawn-out explanations have exposed the intellectual weaknesses in the Chancellor's argument and have, more generally, given the maximum publicity to opponents of his strategy. The progression of Mr. Healey's apologia from the "resources" argument ("We've got to make room for investments") to the "external confidence" argument ("The pound will go down the plughole if we don't do it") and back again, has been widely noted. The trade unions who were in a mood to accept one argument or the other have been unsettled by the shift from foot to foot, and the left wing of the Parliamentary Party, observing this phenomenon, has plucked up courage to challenge both assumptions.

Just how high a price this really is in practice is now to be demonstrated. Mr. Callaghan's calculation is, I understand, that the present storm will rapidly blow itself out. The Party faithful will disappear on holiday and return to Blackpool in two months' time prepared to start on a new sheet. The Conservatives, having been put in a distinctly tricky position, will drop the subject rapidly. The public at large has never properly understood the issues and will not feel the real effect of the decisions for another year to 18 months.

As a short-term prediction this is probably right. A few Left-wing junior Ministers with not much to lose may conceivably decide to jump ship. There will almost certainly be a hard core of 20 or 30 Tribunites who will abstain in any vote on the measures—provided that the Government is in no real danger of defeat.

The Conservative front bench is in a hopeless muddle about expenditure cuts as about most things economic. The monetarists clearly regard the Chancellor's burnt offering as grossly inadequate; the opposite wing of the Party (including, presumably, Mr. Heath) privately regard it as a meritorious effort which could not be much increased without causing unnecessary unemployment. In the end Sir Geoffrey Howe has compromised quite neatly by talking about "the first step along a long, hard, and stony road." But this is not the kind of stuff that great political crusades are made of.

The danger is a longer-term and more insidious one and derives from the fact that Labour is a party much afflicted by legends. Two myths, above all, haunt its imagination—one is the history of 1931 and the other the history of 1969. In each case—as so often with legends—it is a tale of betrayal. In the first instance the Labour Government "sold out" to the international bankers; and in the second it was only just prevented at the 11th hour from betraying the trade union movement. Each time disaster followed.

The legend that is now lying in the fertile womb of the Left, waiting to be born, is that the present Government has managed to re-live both stories at once. By deliberately allowing the international creditors to dictate terms which entail increased unemployment, Mr. Callaghan is supposed to be re-enacting 1929; in ignoring the warnings of the trade unions he is supposed to be courting electoral ruin of the kind which engulfed Sir Harold Wilson in 1970.

As yet, this ballad is not yet being sung round the working men's clubs. But it is somewhere in the air. Labour MPs report a sense of frustration, irritation and incomprehension at the grass roots. Activists and Labour voters can, it is said, accept the necessity of sacrifice and tough measures, but are bewildered by a Labour Government presiding over falling living standards and apparently ever-increasing unemployment. If this state of affairs continues for too long bewilderment will turn to anger.

The state of opinion is well reflected in the latest NOP survey which shows Labour only 4.6 per cent. behind the Conservatives but also shows that among Labour voters no fewer than 37 per cent. are dissatisfied with the way the Government is running the country. In other words the basic allegiance is there—but not necessarily a willingness to go out and vote. Labour abstentions at Thurrock are the writing on the wall. Because Mr. Callaghan and his colleagues are aware of this they are entitled—intentional *force majeure* or no—to some credit for this week's operation.

Letters to the Editor

...magic in the ...e Code

...J. Humphreys.

... work for a group of ...ng companies with ...) operating susidiaries ...K, and a combined turn... ... excess of £30m. per ... I am, among other ...esponsible for the in... ...ion of the provisions ...ice Code throughout the ... This has been my un... ...lot since the Code was ...oduced (by a Conserva... ...ernment) in 1973, and I ...d with its many absurdi... ... through its successive ... ever since.

...he last few months it ...at a faint ray of light ...n to appear at the end ...-dark tunnel. Words ...y the Prime Minister ... of his colleagues con... ...e message that they ... a startling discovery; ...at investment in manu... ... industry was a good ...ome of us dared to ... an even more start... ...ution had been vouch... ...n—they had seen a ... between the stimula... ... investment and the ... company profits. This ...ution indeed!

...e faint ray of light has ...t to be a false dawn. ... suppose, too much to ...at this or any other ...nt would pursue the ...its ideas to the ulti... ...clusion and kill the ...le and its presiding ... Price Commission ...vere, though, surely ...or hoping that belated ... of the virtues of ...uld at least lead to the ...of the fatuous nonsense ...rofit margin controls. ... we have "Modifica... ...e Price Code" (Cmnd. ...ich fell on my desk a ... ago, accompanied by ...ack on Inflation—the ...ear" (Cmnd. 6507). ...s need be wasted on ... of these two docu... ...part from spelling out ... stage of the so-called ...tract (by courtesy of ... it is a collection of ...itudes on the import... ...vestment, the need to ... employment, etc., etc. ... through it all as a ... the new truth dis... ...y the Government, that ...ay not, after all, be ...d thing.

... from this to Cmnd. ...s me to believe that ...ritten by the Govern... ...ht hand and the other ...ft hand. The profit ...ntrol is retained in all ...exity and absurdity. ... are relaxations con... ...its 60 closely printed ...axations, but more ...es, and no doubt we ... course have dumped ...rice Commission data ...wn to us in the trade ...S) or even, heaven ...veral data sheets to ...at it all means, if that ... And how arbitrary ...axations? What is the ...ificance of 35 per cent. ...ment relief as com... ...0 per cent? or the fac... depreciation based on ...st by 1.3 as compared ...her figure you may ... of the various ways ... the Reference Level ...e modified? All this ... about with nuts and ... indicative of the ... of a Government to ...ve the credit of know... ...t should do, but lacks ...c to do it.

...on, whether divine or ... has revealed another ... this Government, so ...t it can hardly, as yet, ... I quote from Cmnd. ...e Government are determined that the expansion of productive capacity and exports should not be held back by competing public sector demands for finance." Right first time! But if the Government really believes this, let it make a start with the Price Commission. According to the latest report for the period ended February 29, 1976, the total staff of the Commission is 729. Assume an average salary of £5,000 per annum—probably conservative. This gives a total salary cost of over £3.6m. Double this (again probably conservative) for overhead costs—premises, paper etc.—total more than £7m. Add to this the hidden, but real, cost of the time of thousands of company executives who devote to the understanding and implementation of the Price Code millions of man hours which can and should be given to the creation of those profits which are now considered to be important.

Only industry will solve the problems of industry. The role of Government is to remove from industry the shackles which prevent it from doing this. But where do we turn for support? Not the Conservative Party, it would appear, nor the CBI, our so-called guardians—they, too, are obsessed with nuts and bolts instead of scraping the machinery. I know I am not a voice crying in the wilderness—it only feels like it.

J. S. Humphreys.
14 Widney Lane,
Solihull,
West Midlands.

The closed shop

From Mr. C. Dancy

Sir,—Mr. David Cadisch (July 20) does indeed expose an outrageous situation when he says that BP has informed him that it will accept deliveries only from firms who employ drivers with union cards. This violation of our constitutional rights is a highwayman's pistol pointed at the head of every small and medium manufacturer. The unions have no hope of infiltrating most of such firms by persuasion and this, to them, is a diabolical liberty to be corrected by democratic processes. Such as blackmail.

It is not an issue likely to involve the personal advancement of any of our puny politicians and we cannot therefore look to parliament for redress. The only authority left in the country which is not union-dominated is the Judiciary. Surely this action on the part of BP must amount to an offence in Common Law.

There are many associations whose raison d'etre is the protection of the smaller firm such as, for instance, the Engineering Industries Association. Could not one such an association challenge this unilateral imposition in the Courts? I suggest that few small firms would stand aside if called upon for financial support.

C. R. Dancy.
71, Cheam Road,
Ewell, Surrey.

The VAT system

From The Chairman,
H.M. Customs and Excise.

Sir,—Mr. Holland's views about VAT (July 22) are well known to Customs and Excise. He has written many letters to which replies have been sent by Treasury Ministers and by my Department.

I would not wish to continue the argument in detail in your columns, but I must point out that he is mistaken in thinking that if the whole of VAT were to be collected at a single stage, when goods or services are supplied to an unregistered person, there would be substantial savings in the costs of administration. Supplies are made to consumers at the intermediate stages, as well as the final stage, of production and distribution; and retailers frequently make supplies to other businesses as well as to consumers. The number of businesses required to be registered would be little, if any, fewer than at present, and for many of these businesses (and for Customs and Excise officers) there would be added problems in distinguishing transactions which could be made tax free from those on which tax would be chargeable. Purchase tax, which was collected on a limited range of goods at the manufacturing and wholesale stages and from only 70,000 traders, provides no analogy.

Mr. Holland suggests that "simple accounting controls" would improve our procedures. On that I can say only that ever since the early stages of VAT planning my Department has been in regular contact with the professional accountancy bodies on matters of common interest; we are always willing to examine with them any ideas for improving our administration of the tax.

(Sir) Ronald Radford.
H.M. Customs and Excise,
King's Beam House,
Mark Lane., E.C.3.

Local authority savings

From Mr. K. Middleton.

Sir,—Is is not likely that many of the local government employees now at risk of being made redundant would prefer to take a cut in pay? And would not many others not yet at risk be willing to take cuts now to ensure the continuance of full services?

If it is the unions that stand in the way of full employment for their members by opposing such a solution the question may soon be asked: Whose true interests do they actually serve?

Kenneth R. Middleton.
13 Dean Park Crescent,
Edinburgh, 4.

Design and industry

From Mr. W. Brady.

Sir,—Despite Lord Esher's assurance (July 16) that the Royal College of Art is concerned with the whole spectrum of design activity, one cannot help feeling that he sees the design process in a different light from the president of the Institution of Mechanical Engineers (July 12) when commenting on the alleged weakness of the design function in British industry. The general reader must therefore find discussions on the topic of design puzzling. Reduction of confusion on this score might well be an early task for the first incumbent of the new Chair.

A point which appears to have received inadequate attention in recent discussions on the topic of design is that the problem of designing saleable reliable products is not just a question of meeting aesthetic and functional desiderata; it involves a range of criteria, technologies and mental skills, the relative importance of which will alter according to the product and the purpose for which it is bought. Not least of the constraints, bearing upon all types of design, are those imposed by manufacturing technology. This range is so great that it is unlikely to be adequately spanned by any one individual and a major aspect of the problem of design management is how best to select and co-ordinate the efforts of the specialists or partial specialists which a team approach inevitably involves.

In considering links with bodies outside the college it is disappointing to read (Management Page, July 9) that only those universities with interests in business studies and engineering product development have been considered. The merits of the polytechnics ought not to be overlooked in this connection.

W. Brady,
Lecturer in Production Engineering,
Lanchester Polytechnic.
Priory Street, Coventry.

Strategy for wasteland

From Mr. B. Engert.

Sir,—When will the authorities, local and central, grasp that apart from the availability of gas, electricity, water and drainage, the overpowering attraction to recruiting industry and the equally powerful means of retaining those industries that are already operating is adequate transport facilities, meaning roads?

The East End of London, in which my family business has striven to exist for 122 years, is in many respects hardly different from when we started. My grandfather, who founded this business in the Isle-of-Dogs in 1854, gave up the unequal struggle there in 1856 because of the appalling inadequacy of the road and other transport systems, and to-day they are little better. When they came to rebuild the damaged housing opposite the address from which I write, soon after the war, it was assumed that the opportunity would be taken to widen this street which is wholly industrial down one side, but this was not done, with the resuls that traffic conditions get progressively worse not least because of the ever-increasing size of industrial vehicles that is demanded by efficiency and of whose existence the licensing authorities have had ample warning. In other words, our street is the same width that it has always been, yet when it was built we were all using smallish horse-drawn carts for transport: to-day you will see in the same street the maximum-size articulated lorries struggling to manoeuvre.

Industry does not expect nor wish to be feather-bedded, but it does require local and central government efficiently to do those things that they have arrogated to themselves as their sole responsibility.

B. Engert.
Engert and Rolfe.
Barchester Street, E.14.

Debts and accounts

From The Chairman,
British Debt Services.

Sir,—Mr. Cliffe (July 21) rebukes me for requiring basic definitions of different aspects of credit control.

I can assure him that if he knew the variations of credit control policies of the thousands of companies we act for, he wouldn't see things in such black and white terms. Because unfortunately too many people still prefer words to mean what they choose them to mean.

If there is ever a Royal Commission on Credit Control, Mr. Cliffe will definitely be the first person I shall recommend for membership.

Paul Brooks.
British Debt Services,
Regency House,
38, Whitworth Street,
Manchester.

Today's Events

GENERAL

National House Building Council/Royal Town Planning Institute conference. "The Housing Land Crisis," Royal Lancaster Hotel, W.2.

Sir Lindsay Ring, Lord Mayor of London, presides at Court of Aldermen, Guildhall, E.C.2.

Son et lumière on life of Sir Winston Churchill, written and narrated by John Julius Norwich, Chartwell, Westerham, Kent, 9.45 p.m. (to September 25, Mondays excepted).

PARLIAMENTARY BUSINESS

House of Commons: Parliamentary and Other Pensions and Salaries Bill, remaining stages.

COMPANY RESULTS

Lloyds Bank (half-year). Midland Bank (half-year). Neepsend (full year). Unigate (full year).

COMPANY MEETINGS

Alida Packaging Group, Heanor, Derbyshire, 12. Black (A. and C.), 35, Bedford Row, W.C., 12.15. Caffyns, Eastbourne, 3. Chamberlain and Hill, Walsall, 12. Clark and Fenn, 1, London Wall, E.C., 12. Dawson (James), Lincoln, 12. Farnworth (Robt.), Bolton, 11.30. Lamont, Edinburgh, 12. Lendu Rubber Estates, Sevenoaks, 12.30. Pegler-Hattersley, Doncaster, 12. Rembia Rubber, Sevenoaks, 12. Staflex Intnl., Abercorn Rooms, E.C., 12. T.C.K. Grp., Dundee, 12.

OPERA

London Opera Centre production of "The School for Fathers," by Wolf-Ferrari, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

BALLET

Dame Margot Fonteyn appears with Australian Ballet in The Merry Widow, London Palladium, W.1, 7.30 p.m.

Martha Graham Dance Company perform Diversion of Angels, Frontier, Embattled Garden, and Applachian Spring, Royal Opera House, W.C.2, 7.30 p.m.

MUSIC

Henry Wood Promenade Concerts. Royal Philharmonic Orchestra, conductor Hans Vonk, soloist Ida Haendel (violin), play works by Mozart (symphony No. 39 in E flat major); Shostakovich (violin concerto No. 1); and Stravinsky (Firebird Suite), Royal Albert Hall, S.W.7, 7.30 p.m.

Johann Strauss Orchestra and dancers in costume, directed from the violin by John Georgiadis, in "Magic of Vienna," Queen Elizabeth Hall, S.E.1, 7.45 p.m.

SPORT

Cricket: Fourth Test (second day), England v. West Indies, Headingley.

COMPANY NEWS + COMMENT

Berisfords well up and heading for record

JUSTIFYING the directors confident outlook in February, Berisfords, makers of ribbons, trimmings and labels, reports group pre-tax profits up from £272,000 to £370,000 for the half year ended May 22, 1976 and a record result for the full year is forecast.

Chairman Mr. J. F. Sebire says that after a slow start current year trading has picked up considerably and the group is now busy in all divisions. He is confident that the present level of activity will continue.

Earnings per 25p share are up from 3.2p to 4.4p. The interim dividend is raised from 0.6p to 0.6403p net—in 1974-75 (when profits fell from a peak of £672,000 to £543,000) a total of 1.99p was paid.

First half turnover increased from £2.46m. to £2.86m. Net profit emerged at £178,000 against £131,000 after tax of £192,000 (£141,000).

● comment

After six months Berisfords is 36 per cent. ahead pre-tax and a similar rate of improvement is looked for in the second half, with a full year total of around £0.74m. The interim rise comes on the back of price increases which Berisfords was not able to implement last year. Exports have recovered strongly, at a much faster pace than domestic sales and this buoyancy has continued into the second half. At 36p, the prospective p/e is 4 and the yield 9.5 per cent., already covered twice by interim earnings.

HIGHLIGHTS

Preliminary results for the year from Great Universal Stores show a 15 per cent. rise in turnover and an increase of a tenth in profits. **Davy International** has shown a large rise in profits, helped by the return to profitability by its subsidiaries in North America. Lex also comments on the disappointing first-quarter results from Plessey. Elsewhere, **Burt Boulton's** full-year figures are in line with interim expectations. **Western Board Mills** has had a second-half revival, and **Rotaflex** has shown an 81 per cent. profits rise. The **Braid Group** profits are distorted by excess profits adjustments but there is a net profits rise of 9 per cent. **Wheeler's Restaurants** has shown a profits rise of a fifth, but **Sena Sugar Estates** has made a £½m. loss and passed the dividend.

Sena Sugar deficit is £0.58m.

THE LOSS for 1975 expected by Sena Sugar Estates turns out to be £582,929 before tax, compared with a profit of £4.86m., including a surplus on foreign currency movements of £321,501 against £24,044.

After a tax credit of £411,580 (charge £1.49m.), the loss per 50p share is shown at 1.2p (earnings 22p). Extraordinary credits add £70,671 (nil).

The directors state that owing to the restriction on remittances from Mocambique and the loss for 1975 they are unable to recommend an Ordinary dividend and are unable to make a payment in respect of the arrears of the 6½ per cent. Cumulative Preference stock.

	1975 £	1974 £
Turnover	37,473,250	36,899,338
Foreign exch. surplus	321,501	24,044
Pre-tax loss	582,929	‡4,864,934
U.K. tax credit*	411,580	†1,493,563
Overseas tax credit	84,394	†1,323,430
Extraordinary credit	70,671	—
Leaving loss	15,704	‡2,047,961

‡ Profit. * Includes deferred tax credit £416,000 (charge £1,437,089). † Charge.

● comment

Losses at Sena Sugar were forecast in the interim statement and the seriousness of the group's difficulties was emphasised by the increase in borrowing powers in March. After tax credits, the net worth is little changed but that could be an academic point unless the situation improves in Mozambique, which is where the bulk of 1974's profits arose. A share price of 6p means a market capitalisation of £550,000, compared with last published book net worth of £12.4m. and gross borrowings in February of around £9.5m.

Upturn at Wheeler's to £0.37m.

SECOND HALF profits of Wheeler's Restaurants recovered to £220,044 bringing the total for the year ended March 31, 1976 up to £372,334, compared with £305,163. At halftime a reduction from £180,453 to £152,290 was shown.

At the moment business is expanding both in terms of turnover and number of people served. This, together with the increase in efficiency, makes the directors cautiously optimistic about the current year.

Earnings per 10p share are up from 12.54p to 15.48p. The dividend is raised from 4.33p to 4.72p net, with a final of 3.15p.

Turnover expanded from £2.8m. to £3.36m. Net profit emerged ahead from £140,169 to £171,602, after tax of £200,732.

● comment

An improvement of one-fifth in turnover and pre-tax profits is a creditable performance for Wheeler's Restaurants during a difficult year for the trade. The company is opposed to borrowing from the bank to finance expansion, even though it earns a return of over 35 per cent. on capital employed. Finding good enough sites remains a problem but three possibilities are under review. The shares seem fully valued at 110p, where they yield 6.8 per cent., covered 3.3 times.

Peterborough Motors static second half

Profits of Peterborough Motors in the second half of 1975-76 were virtually static at £282,298 compared with £283,834, leaving the total for the year ended March 31 ahead from £444,858 to £497,146.

Earnings per 20p share are up from 7.18p to 7.65p. The dividend is raised from 1.83p to 2.01p net, with a final of 1.21p.

Turnover of this Ford main dealer increased from £8.76m. to £10.03m. Net profit emerged at £219,987 compared with £203,923, after tax of £277,159 (£240,935).

ANGLO ARGENTINE TRAMWAYS

The directors of Anglo Argentine Tramways Company say the proceeds of the premium arising from Argentine Government capital bills which matured on July 1 will enable a special 2 per cent. interest payment to be made on principal monies outstanding on the first debenture stock at the date of the scheme of arrangement approved on May 12, 1967.

The special interest payment will be made to holders registered August 2.

The dollar premium distribution will be treated as a payment *pro tanto* in respect of arrears of interest on the first debenture stock and accordingly be made under deduction of U.K. tax at the standard rate.

Braid ahead in first six months

COMPARED WITH a restated £214,704—adjusted to eliminate excess profits of £145,000—pre-tax profits of the Braid Group increased to £235,262 in the half-year ended March 31, 1976, after excess profits provision of £62,391.

During the six months £120,000 was disbursed to customers in reduction of the cumulative excess profit of £237,000 shown in the group accounts for the year 1974-75.

As to prospects for the second half Mr. D. C. Bamford, chairman, says that he will be disappointed if the improved performance shown is not maintained.

The interim dividend is raised from 0.3575p to 0.39325p net—the total for 1974-75 was 1.1218p paid from profits of £345,113, struck after excess profits provision of £189,000.

	First half 1975-76 £	1974-75 £
Turnover	9,116,572	7,705,398
Profit before interest	338,550	304,939
Interest payable	35,955	35,235
Excess profits	62,391	145,000
Profit before tax	235,262	214,704
Taxation	123,000	112,000
Extraordinary item	7,606	—
Preference dividend	3,300	3,300
Attributable Ordinary	116,356	99,394
Ordinary dividend	23,393	21,450
Retained	92,963	77,934

The chairman reports that unit sales of new cars have shown a considerable improvement, reflecting the increased market share of Vauxhall Motors and the group's improved penetration of its own markets. The low level of demand for commercial vehicles has persisted but there is the beginning of an improving trend.

● comment

Although distorted by the excess profits adjustment Braid Group reckons that its 9 per cent. rise in pre-tax profits is a true reflection of first half trading. Certainly the 18 per cent. rise in turnover does suggest a small improvement in sales volume. The two new Vauxhall models (the group main franchise) are helping to boost sales and the group is still apparently enjoying a steady demand for its used cars. Commercial vehicle demand has been depressed but is now beginning to pick up. So the second half profits should be at least equal to those of the first six months. With a yield at 19p, of points more than the sector average, the shares should be soundly based, in the short term at least.

Statement, Page 18

Tomkin's turns in £0.98m.

AS EXPECTED, pre-tax profits of F. H. Tomkins, at £981,660 for the 53 weeks ended May 2, 1976 are lower than the £1.12m. of the previous year, but have exceeded the January forecast of not less than £800,000.

The net final dividend is the anticipated 0.4925p on capital increased by a rights issue, making a total of 0.78p compared with 0.7189223p previously. Earnings per 5p share adjusted for the rights, are 2.127p against 2.388p.

The chairman, Mr. G. G. Garman says that the profit in a year covering the worst recession industry has experienced since the 1930s can be considered satisfactory.

Full time working has been maintained without redundancies throughout the group for the entire year.

Sales for the 53 weeks rose slightly from £8.61m. to £8.62m.

Profit is struck before tax of £499,685 (£595,807) and unchanged minorities of £3,250. There are also extraordinary items of £119,186 (nil) being the excess of the amount paid for shares in new subsidiaries over their net assets.

The group trades as makers of buckles, bright drawn steel and nuts and bolts.

Edinburgh American Assets

Total revenue of Edinburgh American Assets rose from £534,000 to £544,000 for the first half of 1976, but after higher interest and expenses of £337,000 against £322,000, pre-tax revenue slipped from £212,000 to £207,000.

After lower tax of £84,000 compared with £100,000, the available balance is up from £104,000 to £115,000 equal to 0.6p (0.56p) per 25p share.

Net assets per share are shown at 111p (89p) or 103p (84p) fully diluted.

Lesbrook quote suspended

The share quotation of Lesbrook, the engineering company headed by Mr. Stephen Rowlinson, has been suspended at the company's request "pending clarification of its financial position."

Mr. Rowlinson is also chairman of TCK Group, which has a 29.9 per cent. holding in the company.

In its half year to September 30, 1975, Lesbrook incurred a net loss of £105,290 compared with a loss of £32,023. At the beginning of the financial year it had a net worth of £210,000 and bank borrowings of £267,504.

Yesterday, Mr. Rowlinson was meeting with Lloyds Bank at Lesbrook's Birmingham factory before flying off to Dundee for TCK's annual meeting.

Last week, Lesbrook announced that it had withdrawn from the business of general pressings and sold associated plant to Electronic Machine Company for £76,000. It indicated at the time that it would be concentrating on its lighting business and the production of Bickerton Bicycles.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Berisford ......int.	0.64	Sept. 2	0.6	—	1.99
Braid Group ......int.	0.39	Sept. 3	0.36	—	1.12
Burt Boulton	5.2	Sept. 24	6.35	7.7	9.86
Cables Trust ......int.	2(a)	Sept. 30	1.4	—	4.6
Cardinal Inv. ......int.	1.75	Sept. 1	1.75	—	4.5
Davy Intl.	4.09	Oct. 1	3.79	6.19	5.69
Globe & Phoenix Gold ...	1.25	—	1.25	1.25	1.25
Gt. Universal Stores	3.72	Dec. 22	3.39	6.66	6.14
Idris HydrTc Tin 1st int.	3	Sept. 3	3	—	7.15
'Investing in Success' int.	0.54	Sept 30	0.54	—	2.03
J.C.E.G.	1.04	—	1.14	1.49	1.59
Peterborough Motors ...	1.21	Sept 11	1.1	2.01	1.83
Rotaflex ......int.	4.23	Dec. 8	4.23	—	0.79
Stavert Zigamala	3.64	—	3.6	3.64	3.6
Tanjong Tin ......1st int.	2	Aug. 31	2	—	4.64
F. H. Tomkins	0.49†	—	0.47	0.78	0.72
Western Board Mills	2p	Sept. 24	1.86	3	2.76
Wheeler's Restaurant ...	3.15	—	2.86	4.72	4.33
Wyndham Engrg.	1.47	—	1.47	1.47	1.47
Yule Catto ......int.	0.5	Aug. 24	0.45	—	1.15

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) To reduce disparity.

Warning by Wormald's chairman

At the AGM of woollen textile manufacturers, Wormalds Walker and Atkinson, chairman Mr. W. Wormald said that first-quarter figures which had only recently become available showed losses at a greater annual rate than was anticipated in the annual accounts, when reference was made to further trading losses of some £100,000 for the current year, and a profit for the following year.

The directors had had insufficient time to re-assess the position and reach a conclusion on future trading prospects. They were having consultations with their professional advisers and bankers and would make a further report to holders as soon as possible, he stated.

William Pickles profit overstated

The Board of William Pickles announces that stock irregularities have been discovered in the Bannerman subsidiary. A thorough investigation is being carried out by the auditors but it appears at this stage that profits for 1974 and 1975 were overstated by a total of some £200,000 due to certain stocks being over-valued. Further information will be given with the half year's results.

In view of the difficulties of the textile industry, it is too early to predict 1976 profits, but the group is trading satisfactorily and it is the present intention to maintain the dividend, the Board states.

£1m. loss by Burt Boulton

TIMBER AND road materials group Burt Boulton Holdings has ended the year to March 31, 1976, with a loss of £1.03m., which compares with a profit of £360,744 for the previous year.

When reporting a loss of £1.08m. (£0.65m. profit) at halftime the directors explained that this deficit—which was wholly attributable to the timber business—was struck after a special provision of £1m. against losses expected to arise from a reorganisation and retrenchment of softwood activities. They indicated that this provision should ensure that the group would have no further loss to bear in the second half. This has proved to be the case.

Members are told that the timber reorganisation was completed and timber stocks were down to the target level by the end of the year as planned. Group stocks are down from £14.5m. to £7.5m. and indebtedness to bankers reduced from £5.7m. to £3.2m.

The directors report that the timber side is now making profits again and the group as a whole should show a reasonable result for the first half of the current year.

At the attributable level the year's loss amounts to £548,495 (£286,123 profit) and the loss per £1 share to 36.7p (17.9p earnings). The dividend of this Thomas Roberts (Westminster) subsidiary is reduced from 9.86p to 7.7p net, with a final of 5.2p. The company has "close" status.

● comment

Burt Boulton's full year figures are in line with interim expectations. The £1m. provision made at half-time has adequately covered the losses of the timber sector while elsewhere the group is reporting a small second half profit. Trading by the timber company is still sluggish and even though softwood prices are now on the up the recent trimming of this division has left little room for any significant stock profits in the current year. However, road materials are still apparently pushing steadily ahead. The current year should see a return to the £400,000 level of profitability normal before the exceptional years of 1972-73 and 1973-74. In a very tight market, the shares at 155p yield 7.9 per cent., backed up by a net worth of £7.1m., or 465p per share.

Davy Intl. jumps by £4.46m.

THE APPRECIABLE profit increase forecast by the directors of Davy International in January turns out to be from £5.95m. to a record £10.41m. for the year ended March 31, 1976. Earnings per 25p share have climbed from 11.8p to 19.2p.

The value of work done during the year expanded from £248.6m. to £306.2m. The increased profit reflects a good overall performance by most group companies, particularly those in the U.S., explains chairman Mr. John Buckley.

He reveals that the balance sheet has again been strengthened and liquidity has improved by some £28m. This increase came mostly from the management of working capital earnings and the rights issue of last year which contributed £4.5m. Substantial parts of the cash balances are held by the U.S. and German companies. At March 31 bank balances deposits and bonds totalled £44.52m., while overdrafts and short-term loans appeared at £5.44m.

The net dividend is raised by the maximum permitted — from 5.687p to 6.193p net, with a final of 4.093p.

	1975-76 £000	1974-75 £000
Work done*	306,171	245,641
Profit before tax	10,405	5,952
Tax	5,319	3,255
Net profit	5,093	2,697
Exchange gain	795	†2,653
Dividends	1,794	1,236
Retained	4,094	11,322

* Includes increase in work in progress during the year £102.15m. (£67.5m.). † Loss. ‡ From reserves.

Looking ahead the chairman reports that the high level of orders of a year ago has been maintained and most companies have good order books, but increasing effort is needed to ensure adequate workloads in relation to capacity. Although prospects remain good he says there has been a noticeable falling off in demand from the Middle East.

However, the world market for group services is large and varied and the policy of marketing in depth on a world scale and offering services to a wide range of process industries will, the chairman believes, ensure a satisfactory performance by the company in the future.

The immediate outlook is good and we aim to continue the progress of recent years.

See Lex

Downturn at J.C.E.G.—dividend cut

After being ahead from £31,793 to £60,151 in the first half, pre-tax profits of JCEG fell from £176,039 to £98,086 in the year to March 31, 1976. Turnover amounted to £2.75m. against £2.49m.

In their interim report, the directors said that a build up of stocks in certain Middle East countries had caused an interruption in shipments, which would affect results during the second six months.

Earnings per 25p share have fallen from 4.6p to 3.1p. The net final dividend is cut from 1.135p to 1.0375p making a total of 1.4875p compared with 1.585p previously.

After tax of £46,777 (£96,417) net profit is £51,309 against £79,622.

The group makes, sells and hires construction equipment and materials handling equipment. Formerly Johnson Construction Equipment Group, its name was changed in March this year.

During the year, exports of Johnson Machines were again increased, but the grou[p's] hire companies hav[e] adversely affected by pressed construction ind[ustry]. Economies of operat[ion] been initiated to stabilising the position is an improvement in ac[...]

Manufacturing in the year has so far been [...] tained and efforts a[re] directed to develop furt[her] markets.

The close company did not apply during the following the acquisition stantial shareholding end of the year, the advised that the comp[any] come within the scope provisions.

Western Board improves

RESULTS of Western B[oard] have shown improveme[nt ...] year ended March 31, [...] expected. Pre-tax pr[ofits] from £458,389 to £576,84[...] over of £2.2m. against [...]

In the first six mon[ths] over had fallen from [...] £0.97m. and pre-tax pr[ofits] down from £310,000 to [...]

Earnings per 10p sha[re] year increased from [...] 5.31p and the net fina[l] is 3p making a total o[f ...] pared with 2.76p previo[usly].

The chairman, Mr. H[...] and his children have w[aived the] final dividend on their interest in 3.35m. Ordin[ary ...]

	197
Turnover	2,291
Profit before tax	576
Tax	300
Net profit	276
Extraord. credits	20
Attributable	296
Dividends	62
Retained	234

● comment

Re-stocking by custom[ers] have played a major [part in] Western Board Mills' revival, which lifted 120 per cent. pre-tax year improvement of a quarter. The paper industry generally is [...] ing at about 80 per c[ent] capacity but figures fo[r] five months of 1976 sho[w pro]duction is steadily [...] Moreover, Western is [con]centrating on widening share and this appears [...] ing off. At 38p the s[...] 12.8 per cent., more points higher than average; the p/e is 6.9 with an average of ar[...]

ISSUE NEWS

HAMBRO ALLOTMENT[S]

The offer for sale [...] Life Assurance of 4.2[...] attracted applications [...] shares. Applications [...] shares have been allot[ted ...] 6,000 to 9,000 allotted [...] and 11,000 allotted 6,00[0 ...] or over allotted 50 per [...] ings will commence [...]

600 GROUP—

The 600 Group's rig[hts to] raise £5m. on the basi[s ...] four at 58p each has [...] up as to 92 per cent. [...] has been sold at a [...] of 13.2p per share w[ill be] distributed to entit[led] holders, except that a[...] than £1 will be retai[ned by the] company.

The Plessey Group would like to communicate a message to its management, employees, shareholders and business friends worldwide. For your help in a difficult trading year-

THANK YOU

Investment in new generation products leads recovery

The Plessey Company Limited today publishes its Annual Report and Accounts for the twelve months ended 31 March 1976, together with its financial results for the first quarter (3 months to 30 June 1976) of the current year 1976-77. (See table.)

After what Sir John Clark, Chairman, describes as the most severe recession since the second world war, the upward trend achieved in the fourth quarter of 1975-76 has continued into the current year and since April the company has experienced significantly better market conditions.

"It seems that at last the tide has turned and we expect the improvement to continue providing that the Government succeeds in controlling inflation," says Sir John. "If this is achieved British Industry, including Plessey, should witness substantial recovery and the restoration of profitable growth."

The recovery is overseas-led, with exports from the UK playing an important part. Sir John explains: "Increasing emphasis has been placed on exports both to replace decreasing UK markets and to ensure that we obtain and maintain the necessary scale of operations essential to ensure international competitiveness. During the year export orders and deliveries increased substantially but, more importantly, we have in recent months taken orders worth tens of millions of pounds against fierce competition, particularly in the Middle East, and even larger potential orders are being given absolute priority.

Trading performance quarter by quarter (in thousands of pounds)

	1975/76					1976/77
	3 months to 30 June	3 months to 30 Sept	3 months to 31 Dec	3 months to 31 Mar	12 months to 31 Mar	3 months to 30 June
Sales	112,000	107,600	124,400	146,100	490,100	129,000
Profit before taxation	10,184	6,827	8,013	9,676	34,700	10,255
Profit after taxation	5,384	3,627	4,113	6,276	19,400	5,555
Dividends					9,865	
Earnings per Share*	2.73p	1.81p	2.08p	2.57p	9.24p	2.27p
Dividend per Share					4.4p	

*before extraordinary items

"Generally, therefore, the prospects for future growth and profitability are more encouraging than at any time in the last two years. Great headway is being made internationally.

"The Company's Divisions and Businesses are engaged in important new product development so, while this was a difficult year, I have no doubt we are well poised to take full advantage of the upturn."

A new generation of products is beginning to come on stream, covering all the main fields such as Radar, Avionics, Radio and Telecommunications – and many of these are being developed specifically to suit customers' needs outside the UK.

Exports last year at £69 million were a record and the export order book has topped £100 million for the first time. Sales by overseas companies exceeded £155 million, also a record.

The Company's new Chief Executive Office, in which Sir John shares the principal executive functions with four Deputy Chief Executives, provides a more effective forum for cohesive direction and control, with much shortened lines of communication among top management.

"I am encouraged by the new scope it offers for strategic direction on a worldwide basis," he says.

One of the main concepts is to form a number of major product subsidiaries, each of which will be a major autonomous market force in a defined area of products and technology, powerful in its own right and able to match the resources, service and skills of its major international rivals. The first of these – Plessey Electronic Systems Limited – was formed in June 1976 and brings together the former Radar Division, Avionics and Communications Division and Marine Division, with annual sales in excess of £100 million.

Sir John ends: "To all my co-workers in the Company – and there are some 64,000 of us spread across many parts of the world – I should like to say thank you for a job well done in a difficult year".

PLESSEY GROUP

Operating internationally in 136 countries

Registered Trade Mark

[illegible]nnual General Meeting of The Plessey Company Limited will be held on Thursday, 19 August 1976 at 12 noon at Millbank Tower, London SW1. The Board has recommended a final dividend of [illegible] pence per share net in respect of the year ended 31 March 1976. This dividend, if approved, together with a first interim [illegible] in respect of the year ended 31 March 1977, of 0.88707 pence per share net, will be paid on 1 January 1977 to Shareholders whose names are recorded in the Register at the close of business on 29 November 1976. Copies of the Plessey Annual Report and Accounts and 'Plessey World', the special financial report for employees, [illegible]vailable from The Secretary at the Company's registered office: 2/60 Vicarage Lane, Ilford, Essex IG1 4AQ.

631 P062

GUS improves to £98.3m.

PROFITS before tax of Great Universal Stores increased from £89.04m. to £98.35m. in the year ended March 31, 1976. First-half profits had risen from £37.02m. to £40.94m.

Turnover for the year was up from £786.9m. to £910.4m., including VAT of £66.89m. (£55.14m.).

Earnings per 25p share are 19.3p against 17.5p. The net final dividend is 3.72p making a maximum permitted total of 6.6575p compared with 6.135p previously.

In hire purchase and other instalment receivables, the provision for unearned profit, service charges and collection costs at March 31 amounted to £73.31m. against £67.87m. a year earlier.

	1976 £000	1975 £000
External turnover*	910,397	786,923
Depreciation	8,373	8,987
Profit before tax	98,349	89,043
Taxation†	50,060	45,314
Minorities	251	254
Pref. dividends	70	70
Extra-ord. credits	3,129	3,180
Ord. dividends	16,551	15,252
Retained	34,546	31,253

* Including VAT, £66.89m. (£55.14m.).
† Including deferred tax, £7.39m. (£2.2m.).

As already reported, the trading assets of the retail electrical division were sold early in the 1975-76 year. Previous year's figures include turnover of £16.45m. and depreciation of £1.05m.

See Lex

F. Shaw sees not less than £400,000

For the first half of 1976, Francis Shaw and Co. announces pre-tax profits of £158,290 against £162,793 for the corresponding period and the directors report that the figure for the full year should be not less than £400,000 compared with £421,000.

The expected result is an improvement on that foreseen at the beginning of the year and reflects the successful conclusion of a reorganisation programme.

The directors are leaving the dividend per 20p share until the full year results are known but they forecast that it should not be less than 2.2p net. Last year's payment was 2.145p.

The company makes machinery for the rubber, cable and plastic industries.

	Half-year 1976 £	Half-year 1975 £
Sales	4,635,251	5,296,042
Depreciation	45,404	32,727
Interest	110,905	117,923
Loan Stock Interest	9,705	9,705
Pre-tax profit	158,290	162,793

Cables Trust up £0.5m.

FOR THE first half of 1976, on gross revenue of £5.1m. compared with £4.49m. pre-tax earnings of Cables Trust improved from £4.08m. to £4.58m.

The interim dividend per 25p share is stepped up from 1.4p to 2p. net in order to reduce disparity with the final. Last year's total payment was 4.6p.

Tax for the first half takes £1.77m. against £1.58m. Net asset value per share was 162.25p (162.625p) and allowing for full conversion of Loan stock 160.25p (160.75p).

Upward trend at Plessey

PROFITS FOR the first quarter ended June 30, 1976, of the Plessey group show a marginal rise from £10.18m. to £10.26m., but comparison with the final quarter of 1975-76 — when a profit of £9.68m. was shown — reveals that the upward trend then evident has continued.

The better trend comes from a combination of the effect of the progressive cost reduction programme and the gradual improvement in the market environment in which the group is operating, particularly the U.S. Barring unforeseen circumstances, the directors expect the upward trend to continue.

Sales in the first quarter were 15 per cent. higher at £129m., indicating a small increase in volume after allowing for the effect of inflation and the devaluation of sterling. The profit was struck after redundancy costs of £397,000 (£216,000), primarily associated with the cutback in Post Office requirements, and after a substantial increase in depreciation — from £3.64m. to £4.45m. — following high capital investment last year, which is not yet fully productive.

	First quarter 1976-77 £000	First quarter 1975-76 £000
Sales	129,000	112,000
Trading profit	14,069	14,073
Depreciation	4,432	3,639
Operating profit	9,637	10,434
Associates	1,966	1,319
Interest receivable	555	298
Interest payable	1,726	1,566
Redundancy cost	397	216
Profit before tax	10,255	10,184
Taxation	4,700	4,800
Net profit	5,555	5,384
Minorities	214	275
Attributable	5,341	5,109

Earnings per share are shown to be lower at 2.27p (2.73p). The earnings for the 1976 quarter reflect for the first time the full effect of the rights issue.

Although reduced net interest costs and higher associates profits are benefits arising, the bulk of the proceeds are effectively being utilised in increasing fixed assets and working capital to meet higher demands.

Also published to-day is the full report and accounts for the year ended March 31, 1976, in which chairman Sir John Clark says it seems that "at last the tide has turned" and he expects the improvement to continue. Much better market conditions have been experienced since April.

The recovery is overseas-led, with exports from the U.K. playing an important part. Increasing emphasis has been placed on exports both to replace decreasing U.K. markets and to ensure that the group obtains and maintains the necessary scale of operations essential to ensure international competitiveness says the chairman.

During the year export orders and deliveries increased substantially but," more importantly, we have in recent months taken orders worth tens of millions of pounds against fierce competition, particularly in the Middle East, and even larger potential orders are being given absolute priority," declares Sir John.

The divisions and businesses are engaged in important new product development so, while this was a difficult year he has no doubt the group is well poised to take full advantage of the upturn.

Exports last year at £69m. were a record and the export order book has topped £100m. for the first time. Sales by overseas companies exceeded £155m., also a record

Referring to redundancies Mr. Eric Frye, finance director, said later yesterday that these would be lower in the current year than in 1975-76. Much depended on the state of the economy and what public spending cuts were decided on. The impact of the latter on the group should be marginal, he said.

"We are more concerned with what the Post Office will do irrespective of the cuts." Although the order book with the Post Office had continued to decline, Mr. Frye said that this was being balanced by larger export order books, and there were more export orders in the pipeline.

As reported group pre-tax profit amounted to £34.7m. in the year ended March 31, 1976, compared with £39.96m.—struck after redundancy costs of £2.87m. (£1.05m.).

During the year there was an increase in net cash assets of £21.23m. Bank balances and short-term deposits at the year-end stood at £35.07m., while bank borrowings were £29.81m.

Expenditure contracted for at March 31 totalled £5.97m. (£6.95m.) and there was a further £10m. (£5.59m.) authorised but not contracted for.

Provision has been made in respect of prospective losses under a contract. The contract has been terminated by the customer but the provision is believed by the company to be more than sufficient in the light of legal advice it has received that such termination constituted a breach. The company is of the opinion that if it was in breach as claimed by the customer, the amount unprovided for would be unlikely to exceed £2.6m.

The profit for 1975-76 was struck after net provision of £2.27m.

Meeting, Millbank Tower, S.W., August 19 at noon.

Satement, Page 17
See Lex

Reports to meetings

At the AGM of Metal Box, chairman Mr. A. W. Page forecast significantly better results for the current year.

He said the marked recovery in the second half of last year, particularly at home, had continued. Signs were that the first half of the current year should be a good one and that this pattern should continue well into the autumn.

Extracts from other meetings held yesterday are as follows.

Extel—Mr. John L. Harvey said all activities were progressing. Results to date were encouraging and the group had exceeded the budgeted profit for the first quarter. He expected to see new ventures emerging from the present research and marketing efforts. "Our growth will depend on the success of these efforts."

Pauls and Whites—Mr. S. J. Hill reported first quarter results better than corresponding period last year. While this was a most encouraging start, he stressed it could not be taken as a reliable indication of the likely outcome for whole year.

J. Billam—In the current year profitability had improved with higher sales, particularly in export markets. Anticipated improvement would continue.

Francis Sumner (Holdings)—Mr. Max Maimann said group was trading at increased level although order book at the end of May did not indicate any improvement in the manufacturing division. He expected first six months, profits to show substantial increase compared with the same period previously.

Century Oils Group—Management accounts for first two months showed satisfactory increase in pre-tax profits over same period last year and were in excess of budgeted figures. Purchase of Belgian companies has been completed and the Board was engaged in exploiting the potential which had been created by those acquisitions.

BAT FIGURES

British-American Tobacco Company has corrected the comparative figures for the analysis of turnover reported on July 21. The figures for the half year to March 31, 1976, were correct, but the first-half comparative figures had not been translated to sterling at rates of exchange ruling on September 30, 1975. The correct figures are published on page 16.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount
—	F.P.	—	10½	8½	Automated Sec. 10p	9½	......	↓0.55
—	F.P.	—	£26¼	121¼	Berry Pacific Fd.1 US$	£23¾	−1½	45c.
—	F.P.	—	31⅞	25⅞	Esmark $CS 1	£25⅛	......	[illegible]
—	F.P.	20/8	62	59	Leech (Wm.) Builders	59	......	25
C$42.06	F.P.	—	2.06	2	Renown K.D.R (0.50)	$2.06	......	Q15%
[illegible]	F.P.	9/7	43	41	[illegible]	42	......	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock
299	£50	26/8	50	61¼	Birmingham (City of) 13% Red. Stock 198[illegible]
US$100	F.P.	—	$93¾	$ 99½	Bowater 9¼% Bonds 198[illegible]
£100	—	—	104	[illegible]	Debenhams 11% Cnv. Lns. 1991-9
C$100	F.P.	—	[illegible]	[illegible]	IAC [illegible] Notes 198[illegible]
US$10	Nil	—	[illegible]	[illegible]	Lloyds Eurofinance Guar. Fl'ting N'tes
**98	£10	3/9	10½	10	Mid Kent Water 8% Red. Prf. 1981
US$99½	F.P.	—	99	99	Nat. Coal Board 8¾% Guar. Notes 1981
US$100	Nil	—	[illegible]	[illegible]	Nat. Westminster 9% Cap. Bonds, 198[illegible]
−£98¼	F.P.	23/7	[illegible]	[illegible]	Newcastle & Gateshead [illegible]% Red. Pref. 19[illegible]
C$100	F.P.	—	99⅝	99⅝	Noranda 9½% Notes 1982
US$100	Nil	—	101	100	Roys. Bank of Scotland Floating Rate 19[illegible]
US$100	F.P.	—	100½	[illegible]	Sandvik [illegible]% Bonds 19[illegible]
£97.5	£10	12/11	10⅝	9⅝	Sandwell (Met. Borough) 13% Red. Stock 19[illegible]
£95¾	F.P.	[illegible]	£36	£34	Scottish Agric. Secs. 14% Deb. 1995
[illegible]	F.P.	6/7	128	110	[illegible] Met. [illegible]% Conv. [illegible]
**£98	F.P.	30/7	98½	97½	Sunderl'd and S. Shields Wtr 8% Red Pref 19[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date		1976 High	1976 Low	Stock
115	F.P.	9/7	13/8	142	130	AAH
20p	Nil	—	—	[illegible]	[illegible]	Airfix Inds.
70p	Nil	—	—	[illegible]	[illegible]	Allied Colloids
50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bemrose Group
36	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Booth (Int.)
38	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Charterhouse Grp.
14	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Coalite & Chemical
28	F.P.	9/7	[illegible]	[illegible]	[illegible]	Downs Surgical
140p	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Dunbee-Combex-Marx
13	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Hargreaves Group
21	F.P.	21/7	13/8	[illegible]	[illegible]	[illegible]
47	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22½	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
178	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24p	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60	F.P.	9/7	30/8	102	[illegible]	W.G.I.
70	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend payable on part capital, cover based on dividend on full capital unless otherwise indicated. u Forecast dividend; cover based on previous year's earnings. ℳ Figures based on prospectus or other official estimates. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued ‡ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ By way of capitalisation. †† Tender allotment price. ♦ Reintroduced in connection with reorganisation, merger or take-over. ‡ Introduction. ‡ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). ‡ Provisional or partly-paid allotment letters. § With warrants. ♦ After suspension.

مكتبة الأصل

هكذا من الأصل

otaflex makes £0.5m. in first half

TING increased over- ivity, particularly ex- Europe, external sales ex (Great Britain) rose n 25 per cent. to £5.9m. first half of 1976 and profits jumped from £0.51m.

esults generally reflect ess of the company to its activities and organi- orldwide. And chair- . Michael Frye says expects a further in the second half pro- ne gradual upturn in ld economy is main- The extent of the will depend upon how benefits of increased are offset by inflation onent shortages.

erim dividend per 10p 4.229p (same) net. In the final dividend has r but providing second ts are comparable the will propose a maxi- nitted final which will effect of aligning it interim. Last year's dend was 0.7881p from £638,000.

Negotiations have just been completed to purchase the outstanding 50 per cent. shareholding in the company's Australian subsidiary, Concord Lighting International (Australia) Pty., and the directors have every confidence that this company will continue its high growth rate and increase its market share.

	Half-year 1976 £000	1975 £000
Profit before tax	524.6	284.5
Tax	264.5	155.2
Net profit	260.1	129.3
Minority profit	7.2	54.5
Attributable	252.9	74.8
Interim	82.5	59.5
Retained	185.4	15.3

● comment

In the days when "growth" companies were fashionable, Retaflex shares once cost 118p. Yesterday, news of an 81 per cent. recovery in profits left them unchanged at 28p. The company has climbed out of the recession earlier than others in the lighting field. Moreover, the acquisition of minority holdings in overseas companies brings the improvement at the earnings level to 238 per cent. Record full year earnings of over £1m. could be on the cards, for a prospective p/e of 5.3—not expensive for a "growth" company, with 73 per cent. of sales now overseas. But the yield is only 4.6 per cent.

Midway rise at Cardinal Inv.— 1 for 2 scrip

Total revenue of Cardinal Investment Trust rose from £423,972 to £499,937 for the first half of 1976 and pre-tax revenue advanced from £261,725 to £304,925.

The interim dividend is held at 1.75p net per 25p share and a one for two scrip issue is proposed. The total dividend for 1975 was 4.5p—pre-tax revenue came to £557,366.

Total revenue for the half year included other income of £40,105 (£43,416). Administration expenses absorbed £63,388 (£55,907), interest charges £131,624 (£106,340), and tax £114,964 (£93,991).

The net asset value per share is given as 188.5p (165p).

Bank Leumi (U.K.) down in first half

Profits of Bank Leumi (U.K.) for the six months ended June 30, 1976 are lower than for the comparable period last year, largely due to the cost of developing new branches and general economic conditions, the directors say.

The expansion in the number of customers and in the volume of business is continuing.

An unchanged interim dividend of 2.68p net is declared—the previous total was 7.252p. The company is a subsidiary of Bank Leumi-le-Israel.

BRUCE PEEBLES

Bruce Peebles has purchased £22,075 nominal of 7½ per cent. debenture stock 1986/91 for cancellation, leaving £498,080 outstanding.

Yule Catto sees substantial increase

REPORTING pre-tax profits for the half-year to April 30, 1976 up from £344,584 to a record £377,002, the chairman of Yule Catto and Co., Lord Catto, says that in view of the continued strength of the price of rubber, he expects substantially higher profits for the full year. The pre-tax surplus for 1974-75 was £0.74m.

Basic first-half earnings are shown to be up from 1.19p to 1.32p per 10p share and fully diluted from 1.14p to 1.28p. The interim dividend is raised from 0.45p to 0.5p net costing £70,168. Last year's final was 0.7007p.

	Half year 1975-76 £	1974-75 £
Turnover	2,989,274	2,445,233
Trading profit	454,548	428,894
Investment income	17,431	42,142
Interest paid	94,975	127,452
Profit before tax	377,002	344,584
Tax	191,056	178,988
Net profit	185,946	165,596
Extraord. credits*	183,255	—
Available	185,946	165,596

* Transferred to reserves. Comprise profit on sale of investments £229,955, less goodwill written off £46,700.

With the sale of investments liquidity has been greatly strengthened and interest paid during the period has been reduced by more than the consequential change in investment income, reports Lord Catto.

In Malaysia, the plantations benefited from record palm oil harvests, and rubber harvests returned to the level of previous years. The price of rubber moved up strongly during the period and the main benefit of this is now being seen.

The talks between Yule Catto and Co. and Kuala Lumpur Kepong Berhad to discuss future relationships are continuing, adds the chairman.

● comment

Higher plantation output and a 25 per cent. cut in interest charges have produced an interim pre-tax increase of 9½ per cent. at Yule Catto. With rubber output returning to normal levels following the lifting of production restrictions by the Malaysian Government and the current high prices—around 193 Malaysian cents per kilo—second-half profits should show a far bigger jump. This is because Yule Catto, unlike most plantation companies, sells its produce on the spot market. Oil palm output will also increase further in the current half as more acreage matures. However, the plastics division is still flat. Confidence in current year prospects is reflected in a prospective yield of 4.7 per cent. at 42p.

Loss by H. Miller—recovery seen

A loss before tax of £25,413 has been incurred by H. Miller Investments for the year ended January 31, 1976 compared with a £101,020 profit previously. At midway, profits had fallen sharply from £50,722 to £651.

The directors say that since the year end, there has been an improvement in group orders, and now that the reorganisation involving 50 per cent. of group assets has been concluded, an improved result for the current year can be expected.

It is too early to make a forecast for the year, but the group is now trading profitably and it is expected that this trend will continue.

Loss per share, before extraordinary items, for 1975-76 was 0.70p (6.3p earnings) and 3.27p loss (0.11p earnings) after such items. No dividend is recommended compared with 2.0129p net previously.

Sales for the year were £2.01m. against £2.35m. The loss is before a tax credit of £18,988 (£50,155 charge) and extraordinary debits of £20,285 (£50,000).

The deficit retained is £26,680 (£15,580). The group makes accessories and equipment for the cycle, motor, toy and agricultural trades, specialist joinery and plastic products.

Second Scottish Investment

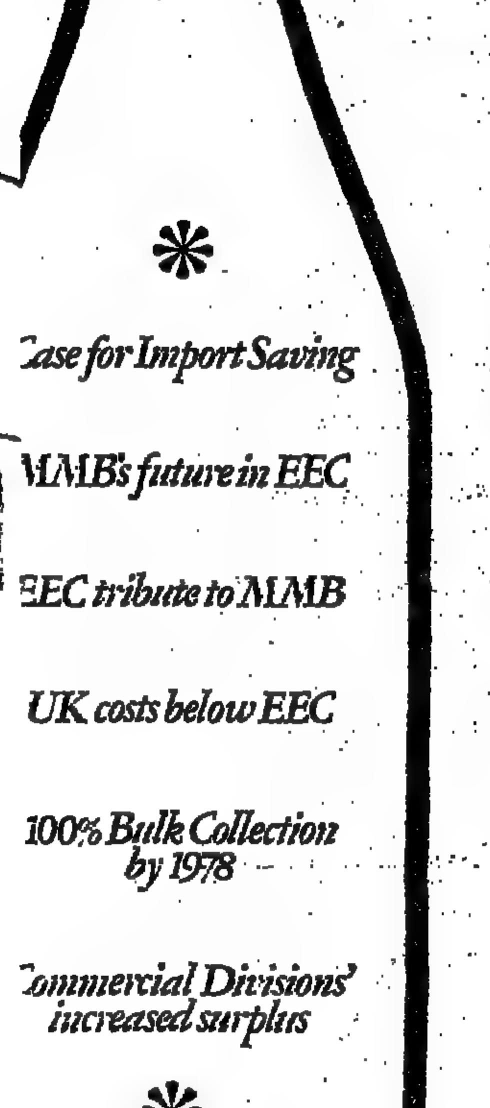
For the nine months to July 5, 1976, total investment income of the Second Scottish Investment Trust Company rose from £1.75m. to £1.86m., before gross interest of £57,900 against £65,800 and expenses of £102,000 compared with £92,000.

Net asset value per 25p share was 103.4p compared with 89.2p at October 5 last year.

The Milk Marketing Board Annual General Meeting

DAIRY INDUSTRY SAVES IMPORTS

From the Address by the Chairman, Sir Richard Trehane



er Prices and the 'Green £'

oting a year ago it was my duty to describe serious economic plight of the dairy nd the consequent disastrous fall in pro- roughout last summer. We, and the nions took every opportunity to see that nt were fully and continuously informed, s we were splendidly supported by pro- dairy trade and many others. To them all r thanks for the improvements achieved. tempting to allocate responsibility for the problems we were then facing, we must y our thanks to the Minister and his col- their successful efforts in Whitehall and in t is, incidentally, worth noting that the es achieved were obtained by old- debate without recourse to militancy or ction.

often said would happen, these better mbined with some exceptional weather drew a tremendous response from our This led to a reversal of the downward oduction and much needed extra milk and ct supplies.

h our industry is still worried about the eedingstuff prices in particular, we must e success so far of Government policy in bring inflation under control. Our country over the precipice of hyper-inflation and wing back. We shall continue to play our fight in every way open to us.

e devaluations of the 'Green £' since the of transition, producers will no doubt be amiliar with the effects which galloping ccompanied by a falling commercial rate of have on the disparity between the prices receive and those received by producers of the European Economic Community. In e fact that there are only two transitional full Community membership, the opera- 'Green £' has meant that, even with the eturns achieved this year, the gap in prices ourselves and milk producers in other tates (except Ireland) is actually wider to 10p per gallon than it was at the begin- sition. The true meaning of this, in inter- ding terms, is that the competitive position griculture has improved vastly relative to itish manufacturing industry. Within the nomy, therefore, it must be a right use of ctively to encourage agriculture to expand the increasing bill for imports as the value ncy sinks.

ing and 'Green £' issue is bound to be one t important which the UK Government, in with their European partners, will have to agricultural sector. It is, of course, not a e for the UK and sterling alone. The cost y compensatory amounts (the instrument the Community compensates traders in l commodities for currency fluctuations Community) has become an embarrass- the Commission. The size of the Com- udget necessary to finance them has armingly large, whilst their removal at a ld be more than an embarrassment for agricultural producers throughout the Community because of the catastrophic effect on markets.

Nevertheless, it seems to us, as a Board, quite unacceptable to continue indefinitely to allow an ever-widening gap within a Community, whose main purpose is to establish parity of trading opportunity between the producers from each of the members of that Community. Whilst, in saying this, we must be aware that the interests of other agricultural producers and UK consumers are affected as well as those of milk producers, we must, too, draw to our Government's attention the reminder given to our Minister by M. Lardinois at the opening of the Royal Show recently that, by the autumn, if not before, something simply must be done.

Expansion, Parity and Financial Co-Responsibility

A matter which has undoubtedly worried our producers in Government's calls for expansion has been the massive skimmed milk powder stock in Europe (mainly held in France, Germany and the Netherlands, with comparatively small quantities in the UK), the threat of butter surpluses piling up during 1976 and the prospect of making all EEC milk producers financially co-responsible for surplus disposal measures. It is said to be illogical to call for expansion here whilst the Community as a whole has a substantial surplus and is proposing drastic measures to cut production and reduce this surplus. And, indeed, with the prospect of declining markets for dairy products, enhanced by the remaining steps in transition in the UK market and the phasing out of subsidies, the situation, it is said, is likely to get worse rather than better.

A deeper look at the position, however, indicates a very different story. In the first place, the Board would accept that, in the conditions of the European dairy industry of the last year or two, a general levy on all milk delivered to dairies was likely to be the least costly means of dealing with the surplus problem. Reduction of prices at the margin for the disposal of surplus by using some of the proceeds of the producers' levy, together with FEOGA money, is far less expensive for producers than a general reduction in Community prices for all milk and dairy products. At the present time, however, the disastrous effects of the drought over large parts of Europe and Southern England must at least put this proposal into suspense, and what I say on this subject must be seen in the context of the need to delay action until the consequences of the drought can be evaluated.

So far as the UK is concerned, we have argued strongly for the introduction of the full Community pricing regime, which we believe would be to the substantial benefit of the industry. Parity of price and opportunity is our first priority. We cannot, of course, argue for this parity on the one hand, and then ask to opt out of Community problems on the other. Accordingly, in association with the National Farmers' Union, we have indicated acceptance of a general levy as a form of financial co-responsibility for surplus disposal, conditional on some better understanding on the 'Green £' issue, an agreed plan for movement towards parity – and an abatement of the levy to recognise the substantial contributions that are already being made by our producers to promote the market for liquid milk and dairy products. No one should lose sight of the fact that, because of the special position of milk production and marketing in the past in the UK, we have not contributed to this surplus. It should be better understood too that the issue of sterling and of parity of opportunity for British farmers in the Community market is not just a private matter for the UK. It affects agricultural producers *throughout* the Community, because it is their market which is at stake as well as ours. And we believe that our experience of marketing and milk promotion can make a real contribution towards resolving the problem.

Our qualified acceptance of co-responsibility is, however, by no means incompatible with a continued expansion of milk production in the UK. The existence of Community surplus must not be made the excuse for impeding structural adjustment and regional specialisation of agriculture in the enlarged Community. Milk can be produced cheaply and efficiently from grass in many parts of the UK and, if regional specialisation is to have a real meaning, the UK is an area of the Community where expansion of milk production must be encouraged. In this context we strenuously object to the proposed cessation of capital grants for dairy farm modernisation.

Moreover, from a UK viewpoint, the import saving case for expanding milk production is becoming stronger each year – regardless of the European surplus. The cost of dairy product imports into the UK in 1975 was more than £500 million, and the greater part of that bill is for imports from other Community Members. In the current April/March year, we expect to produce in the UK some 40,000 tons more butter than last year. If we take into account the higher production of skimmed powder, and other more minor changes, the net import bill for dairy products will be reduced by £100 million as a result of higher milk production. The net improvement to the balance of payments of fulfilling the objectives of the White Paper "Food from our Own Resources", is even more significant than this. From the point of view, therefore, of strengthening the UK economy as a whole – an important matter for general improvement of the European Community's prosperity – expansion of the dairy industry in the UK has an important part to play.

State of the Markets

Markets for milk in the UK have become increasingly difficult in the last year. For 1975/76 as a whole, however, at 1,532 million gallons, we reached a new all-time record level of liquid sales with consumption per head rising to the highest level since the end of food-rationing in 1954. The prime reason for this, of course, was the very high level of consumer subsidy that existed for a large part of the year. However, even when the subsidy was cut and the retail price of milk was raised sharply by 1½p per pint in November 1975, following a 1p per pint increase in August, the drop in sales was still very much less than expected. As the consumer subsidy came down, our industry raised its advertising appropriation and increased the sales effort; I hope you will join with me in congratulating all those concerned in the agencies, the distributive trade and in our own Sales Division for the excellent job that has been done in holding this vital market.

Whilst the offtake of cheese has been static, with a tendency to fall, we have also been faced with the problem of Continental exporters of both butter and cheese sending in very substantial quantities just before a transitional step is to be taken, in order to gain the advantage of the higher accession compensatory amount. In consequence, stocks of both butter and cheese in the last few months have been so heavy that market prices have not increased in line with the intervention price increase in March of this year and some of our home-produced butter had to go into intervention in April and early May. This was, however, a temporary phase and we are making, through the work of the English Butter Marketing Company, a major effort to restore the market for English packet butter. In the marketing area, we expect a tough fight and, until early 1978 at least, we have to work against the continuing favourable effect of the transitional arrangements for the importer.

Those who have had experience of marketing dairy products will know full well all the uncertainties that are customary. At the present time, we have two additional uncertainties to contend with. I refer to the probability that further changes will be made in the value of the 'Green £' and to Government's intentions progressively to remove the consumer subsidies. I cannot emphasise too strongly the difficulty of operating a business when the size of the steps of change and their timing are almost completely unknown. I am asking that we should have much more precise indications of policy and that the steps of change should be gradual rather than precipitate.

One particularly happy achievement during the past year was the satisfactory settlement of the standardisation issue. Following the most intense pressure from the United Kingdom dairy industry over a long period of time, Government were ultimately successful in their negotiations with the Commission to allow countries within the Community, such as the United Kingdom, which did not wish to adopt a compulsory standard to continue with the distribution and marketing of milk as it comes from the cow. This is the way milk should be sold to the housewife.

In taking a forward look at the market, we cannot ignore recent claims of a possible relationship between the consumption of animal fats and coronary heart disease. Many of these claims and some irresponsibly strident statements arose following a Report of the Royal College of Physicians that did not differ very much in its broad conclusions from an official Report of the Department of Health some two years ago. That Report represented the considered opinion of leading authorities on medicine and nutrition and represents perhaps the best judgment available. In it, the Department of Health Panel say:

> "The Panel unanimously agree that they cannot recommend an increase in the intake of polyunsaturated fatty acids in the diet as a measure intended to reduce the risk of the development of Ischaemic heart disease. In their opinion, the available evidence that such a diatary alteration would reduce that risk in the United Kingdom at the present time is not convincing."

Neither of these Reports provide a foundation for the recent unbridled attack on animal fats nor for the exaggerated claims for the benefits of consuming polyunsaturated fats.

We cannot think it is good for the citizens of this country that they should be subjected to commercial exploitation in a way that can itself be damaging to health by the unnecessary alarm that it causes.

Post-transition pricing

Talks are currently proceeding with Government officials on the pricing arrangements that will prevail in this industry when the guaranteed pricing system ends in January 1978. It would be wrong to give the impression that we have seen our way through all the difficulties – or that all parties to the guaranteed pricing arrangement are agreed on the way forward. For our part we have made it clear to Government and to the dairy trade that, ideally, we should like to see a system in which Government relinquishes control over the retail pricing of liquid milk and leaves the two parties to the Joint Committee, the Board and the Dairy Trade, free to negotiate the first-hand selling price within the constraints imposed by competition from EEC suppliers. This should, in our view, be the long term aim. We recognise, nevertheless, that with the Pay and Prices Codes still very likely to be in action, this may not be politically practicable by 1978. There is, moreover, the question of the consumer subsidy on liquid milk. Whilst this can be expected to be substantially reduced, if we accept the published estimates of total expenditure on food subsidies as a guide, it is unlikely to be gone altogether by the beginning of 1978. With a subsidy in operation, it is most likely that Government will want to continue to control the retail price.

However, in the pricing regime into which we are moving, the Board's first-hand selling price is bound to be more closely aligned with manufacturing milk prices than it has been in the past. This means that we shall be moving into a system in which the Board's selling price for the liquid market will have to be negotiated as a premium over manufacturers' prices. The liquid premium will have to be sufficient also, on the marketing side, to induce manufacturers to relinquish milk which is required for the liquid market in the winter. We believe that the size of this premium should be a matter for negotiation between the Board and the Dairy Trade through the Joint Committee mechanism.

Having made these comments, I must emphasise that there is still a long way to go before all parties in the industry and the Government will find themselves in agreement. The technical problems are numerous and, of course, interests tend to diverge with some of them. The EEC deadlines, however, are bound to concentrate minds in finding solutions.

The Board within the EEC

In the past year certain judgments of the European Court, which have had a legislative effect, and public comments by M. Lardinois, have given rise to considerable discussion in the press and elsewhere about the future of the Board and its legality under Community law. It has indeed been a disturbing feature of recent developments in agricultural marketing in Europe that it has become the international lawyers who have, in effect, been making the decisions rather than the politicians. We must be clear that, without a political understanding preceded by adequate discussion, such a state of affairs, affecting the marketing of a major agricultural commodity like milk in a substantial area of the Community, would be quite unacceptable. We believe that the maintenance of the Board, with its existing power, is consistent with the aims and objectives of Community policy for dairying. The Boards in the UK promote sales of milk whilst their servicing arrangements for the liquid market move very large supplies long distances at minimum cost. Within the United Kingdom some 60% of total milk production goes to the liquid market with no more than some 8% of production being manufactured into intervention products. If I tell you that in the other countries of the Community in 1974 the production of intervention products as a percentage of total milk production varied between 74% and 37%, you will see how important our liquid market is not only to ourselves but to the Community generally. Indeed, some 41% of the entire consumption of liquid milk in the Community is in the United Kingdom. Maximisation of liquid sales by these means keeps milk out of intervention products and is completely in line with the Community's liquid milk Regulation 1411/71. We believed in 1973 that the Declaration attached to the Treaty of Accession setting out the Government's interpretation of the Community's main Dairy Regulation 804/68, constituted a political understanding. As it stands, and in so far as any doubt about our position exists, that Declaration represents a piece of unfinished business. What remains is the task of giving it binding force which we believe to be perfectly possible within the existing framework of Community law.

I am emphasising to producers the political nature of this situation and that we do not intend to allow politicians to leave it to the international lawyers by default. In this situation, the collective will of producers themselves, the dairy trade, consumer interests and indeed the nation, is much more important than the legal technicalities which it is not my intention to discuss. We must be quite clear in our minds that it is in the best interests of our producers in the UK, of the dairy industry generally and of our consumers that the Boards' mandatory powers be retained. The Milk Marketing Schemes themselves in the five Board areas contain a very fine balance of power between all sections of the industry which would be upset completely with the removal of the mandatory element. The UK milk distributive and manufacturing industry is unique in its degree of concentration in the hands of the larger buyers. When the Community system comes into operation in this country at the end of transition, with the prices of dairy products supported at the market level and not the price of milk to producers, the bargaining between the trade and the producers will become of even greater significance than in the past.

Acting on our belief that it is the politicians who must discuss and decide the major issues in the marketing of agricultural produce in the enlarged Community, the Board recently welcomed a delegation from the Committee on Agriculture of the European Parliament to visit Thames Ditton and afterwards to see how the Board's operation affected farmers and dairymen by visits to some of their premises. The delegation was led by M. R. Houdet (a former French Minister of Agriculture) and the very satisfactory report of the Group was presented by Mr Rees Laban of the Netherlands. I commend the report of this Group to you highly, and would like to quote a small part of their conclusions.

> *"As a result of its visit to the MMB, members of the delegation came to the conclusion that the MMB was well adapted to the needs of the British producer. The MMB represents a producers' organisation which has achieved a very high degree of efficiency in the marketing of milk and milk products at a very low cost to the producer. An extensive range of services are offered which help the farmer to increase the quality of his stock and develop management policies suited to his particular needs.*
>
> *". . . the MMB is ideally suited to the needs of the British producer and consumer. These conditions do not exist in other Member States of the Community, in particular the high rate of liquid milk consumption, so that it is to be doubted that the organisation of the MMB could be transferred in toto to other EEC countries. On the other hand, the MMB performs a number of valuable tasks worth closer examination, and in particular the promotion of the consumption of milk and milk products, the movement of milk between milk surplus and deficit areas, the development of medium-term planning to meet market trends and the flexible adjustment of supply to demand at low cost by means of regional producer organisations."*

In the course of their visit, we and the Dairy Trade Federation were able to demonstrate to this delegation the comparison between the cost of processing and delivery of liquid milk in the United Kingdom and in some other parts of Continental Europe. In the United Kingdom it was recently estimated to be 28 pence per gallon, whereas in France, Germany, Denmark and Holland it ranged from 36 pence to 40 pence per gallon. This has been achieved by the unique contribution of a diligent marketing organisation and an efficient dairy trade. Surely it is in everyone's interests to make sure that this valuable contribution to the welfare of our consumers is maintained

MMB activities and services

The understandable concern with major economic difficulties of the dairy industry has prevented me in recent years from spending much time at this Meeting on the solid progress that has been made and is being made in the operations of the Board itself for the benefit of its producers

In the marketing area, we have pushed on in the last year with the conversion of producers to bulk collection. Elimination of churn handling frees labour on the farm for milking more cows, thus providing another means of improving productivity there whilst, at the same time, effecting substantial economies in haulage. Our aim is that churn collection shall be eliminated by 1978 and we are on target so far for achieving this. The Board have in the last few weeks announced a special additional collection charge for churn milk in certain areas. I must make it plain, however, to remaining churn producers in areas of the east, south east and south of the country where the proportion of bulk milk is very high, that increasingly buyers with churn line reception facilities are disappearing and, before long, there will be no buyers with churn reception facilities left. It will, therefore, become impossible for the Board to market churn milk without taking it very long and quite unacceptable distances. Producers in such areas have already received notification.

To maintain and improve our competitive efficiency relative to producers in the rest of the Community, we need to be constantly on our toes in the improvement of our breeding programmes and the provision of management services to our producers. As a result of long term testing work, the average heifer sired by the Board's progeny tested Friesian bulls last year should show an increase of 83 gallons of milk, 26 lb of butterfat and 17 lb of protein. Obviously it is not the whole story but I am confident that our breeding work is partly responsible for the substantial rise in yields experienced in 1975/76 and in the current year which has been an important factor in the improved financial state of the industry.

I want to emphasise to you that in looking at our production services and at our marketing and commercial operations, we are a money-conscious organisation. The criterion in all spheres is whether a service offers value for money and whether its widespread extension throughout the industry will help to improve overall efficiency.

We were honoured in May of this year when Her Majesty The Queen, in the presence of His Royal Highness The Duke of Edinburgh, officially opened the Board's splendid new creamery at Maelor in North Wales. This is the latest example of the Board's determined planning for the future with flexible facilities for the manufacture of both cheese and butter on a very large scale. A reference to the Accounts will reveal that the Commercial Divisions showed a surplus of something in excess of £7.8 million for the year against a little over £5 million in 1974/75. Our Creameries, Dairies and Transport Fleets do indeed provide the service and the cost-effective results which the Board and all its producers expect.

We have sometimes been criticised as a Board for the very small turnover of Board Members over the years, although this is surely the responsibility of milk producers generally rather than of the Board itself. This year, three Board Members are retiring, Mr J. S. Morrey, OBE, Special Member, Mr J. Alston, Regional Member for the Eastern Region, and Mr H. T. B. Morison, Appointed Member. All of them have given devoted service to the Board and the dairy industry over very many years. We extend to them our gratitude and sincere thanks.

The year 1975/76 was another difficult one for the industry but we have come through with a much improved position at the end. I extended my thanks at the beginning to all of those outside our industry who helped us last year. I should like in conclusion to pay my tribute and convey my thanks once more for their continued loyalty and endeavours to all our staff headed by our Managing Director, Mr James Morton, who has just completed his first year in that post.

Finally, may I offer my thanks to my own Board Members and particularly my new Vice-Chairman, Mr S. J. L. Roberts, for the help and support they have given to me personally in the past year.

MMB

● Copies of the Address and the Annual Report are available from Public Relations Division, Milk Marketing Board, Thames Ditton, Surrey KT7 0EL. Tel: 01-398 4101.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

French property groups in £50m. link-up

BY RUPERT CORNWELL — PARIS, July 22.

A £50m. LINK UP is currently under negotiation between two of France's best known property groups, the Societe de Gestion Immobiliere et Mobiliere (SGIM) of M. Robert de Balkany and the Union Internationale *Immobiliere (UII) of M. Jean*-Claude Aaron.

Discussions have been under way for some months, but a final decision is not likely before September. Should they bear fruit, UII would buy out the majority stake held in SGIM by M. de Balkany and his close financial ally the Union Bank of Switzerland.

Many details have not yet been settled but M. Aaron told the Financial Times to-day that the *purchasing price could be* around Frs.450m. (£51m.). Resources would be provided in part by the consortium of insurance companies which back UII.

The deal involves two of the *most colourful figures on the* French property and construction scene. M. de Balkany is best known for the development of futuristic commercial centre-cum-residential complexes on the outskirts of Paris including *Parly Deux and Velizy Deux.*

M. Aaron, one of the most powerful property dealers in the country, is also chairman of a company related to UII, called Societe d'Etudes Financieres et *Realisation Immobiliere* (SEFRI), responsible for the 600-feet Tour Maine-Montparnasse skyscraper which dominates Left Bank Paris, and where his group is headquartered. To him, the chief attraction of the *proposed scheme is the boost it* would give to the investment side of his activities, to match his well-proven development and general contracting business, a fair proportion of which is done overseas.

The deal will give M. Aaron control of only part of the de Balkany empire, including the two complexes near Paris. The latter's interest in the giant Park-Dieu commercial centre in the heart of Lyons will not be affected.

The reasons for his apparent readiness to give up control of SGIM are not entirely clear. M. de Balkany has frequently declared himself unhappy with the French tax system and has probably been hurt like most people by the downturn in the French property market. There are understood to have been earlier potential bidders than M. Aaron.

He himself was involved in the deal which saw the British property group Chesterfield-Ronson sell a central Paris site to the French Insurance group UAP for Frs.95m.

Satisfaction at Schickedanz

BY ADRIAN DICKS — BONN, July 22.

QUELLE, the West German mail order house which claims to be the largest of its type in Europe, seems to have defied the sluggish conditions affecting much of the retail sector by ringing up a 7.2 per cent. increase in turnover *during the first half of this year* on its total business, and a hefty 15 per cent. increase in its mail order turnover alone.

These results were announced to-day by Quelle's parent organisation, the Schickedanz trading group. The finance director of Schickedanz, Herr Werner, also said that the group would, with a few exceptions, *hold prices constant at their* present levels in the autumn/winter catalogue.

Last year Schickedanz increased profits by 12.1 per cent. to DM91.9m. (£20m.), though pre-tax profits as a proportion of turnover fell slightly from 3.2 to 3 per cent. last year.

The mail order side of Schickedanz' interests also showed the most rapid growth during 1975, with an increase in turnover of 12.5 per cent. to DM3.2bn. The group's trading *interests* showed a 10.2 per cent. increase in turnover to DM6.2bn. and its retail stores a 7.5 per cent. increase to *DM2.9bn.*

Investment in some 10,000 square metres of new sales floor space will cost Schickedanz DM115m. this year, compared to DM72m. in 1975. In 1977, the group expects to add a further 12,000-14,000 square metres.

Saudi investment bank set up

FINANCIAL TIMES REPORTER

CHASE MANHATTAN is to form a new investment bank in Saudi Arabia to be called the Saudi Investment Banking Corporation which is expected to start operations early next year. It will *be the first of its kind in the* Kingdom.

Its purpose is to assist develop*ment in Saudi Arabia by* providing merchant banking services to both Saudi and international clients with emphasis on medium and long-term financing for enterprises in Saudi Arabia and the development of Saudi money and capital markets.

The initial share capital of the investment bank will be Saudi Riyals 30m. The majority of its shares will be held by Saudis, to accord with the recently stated policies of the Saudi Council of Ministers *regarding the ownership of* banks in the Kingdom. Similarly seven of the 10 directors will be Saudis.

The Saudi participation will be made up as follows: General public: 36 per cent.; General Organisation for Social Insurance, National Commercial Bank, Riyadh Bank and Al Jezira Bank: 29 per cent., totalling 65 per cent. Foreign ownership: Chase Manhattan Bank: 20 per cent.; J. Henry Schroder Wagg, Industrial Bank of Japan, and Commerzbank 5 *per cent.*

Chase Manhattan will have a technical services agreement for the management of the invest*ment bank.*

Mr. Jamal Radwan, a vice-president of Chase Manhattan Bank, will be the executive director and the general manager of the new investment bank. He has been with Chase since mid 1970, has been instrumental in the development of Chase's global funding strategy, loan pricing and played a role in setting up Chase Manhattan Limited, the merchant banking vehicle of Chase.

GM-Holden still unhappy

By James Forth — SYDNEY, July 22.

GENERAL MOTORS-HOLDEN'S, Australia's largest car maker, lifted its profit by $A3.3m. to $A17.3m. in 1975, but the company is unhappy with the return on sales and assets. The result *represented a return of 2.7 per* cent. on the record sales of $A657m., up from $A513m. in 1974, but the finance director, Mr. W. de Long, said that a return of 5 to 6 per cent. on sales would be much more reasonable. Ford, GM-H's main rival, actually shaded GM-H with a return on sales of 2.8 per cent., while it was *not* far behind with its total earnings of $A16.2m.

The jump in sales follows temporary cuts in sales tax, from 27.5 per cent. to 15 per cent., last year.

Sales soared after this move, enabling car producers to reduce heavy stocks of unsold cars. Stocks of GM-H were valued at $A204m. at the end of 1974 but were down to A172m. by December last year.

GM-H declared a final dividend of $A7m. for the U.S. parent, General Motors Corporation, which is reduced to *$A5.95m. after withholding* tax. This is well below export sales of $A32.4m., which was down 56.3 per cent. on the 1974 figure of $A74.1m., and the lowest level since 1969. The company changed from a proprietary company to a limited company during the year to eliminate the borrowings restrictions inherent in a proprietary company.

Some improvement at Occidental

OCCIDENTAL PETROLEUM, one of the more diversified oil companies and the third largest coal producer in the U.S., has reported a second quarter profit of $64m. compared with $45.9m. last year, writes our New York Staff. Earnings per share were 84 cents versus 72 cents, with sales down from $1.39bn. to $1.43bn. Over the full six months sales fell to $2.53bn. from $2.8bn., while net profits dropped from $119.4m. to $74.4m.

The company said that the increase in second quarter earnings, compared to last year, was due to a substantial improvement in oil and gas as well as chemical earnings. The profits from coal operations were down. Over the past six months, *earnings from virtually all divisions* compared unfavourably with last year.

SOUTH AFRICAN GOLD

Either side of breakeven

BY RICHARD ROLFE IN JOHANNESBURG

THE COLLAPSE in the gold price to $105½ (to-day closing at $111½) *after the second IMF* auction comes at a difficult IMF auction comes at a difficult time for the South African economy, and particularly for the corporate sector, which is likely to run into increasing *liquidity problems in the third* and fourth quarters of 1976.

But indications are that although the lower gold price could reduce foreign exchange earnings from gold by as much as R150m. over the rest of 1976, the value of gold output, benefiting from a full year of devaluation, should still reach about R2.2bn., compared with R2.5bn. in 1975. At the same time, following the massive balance of payments deficit of R550m. in the first quarter, the April and May figures show a drop in imports which there is every reason to suppose will continue, not least because of the deflationary impact of the lower gold price. However, arms and oil form the hard core of the Republic's R700m. import bill and the scope for a significant reduction may not be great without, for example, petrol rationing or other extreme measures. The lower gold price will delay recovery *in the balance of payments* just when the corner seemed to have been turned.

On the gold mining industry's major producers, the effect of the lower gold price will be relatively limited. The official Chamber of Mines figures show that in the March quarter, the gold mines produced just under 5.4m. oz of gold at a total cost *of R332m.,* which gives an industry-wide breakeven point of R61 per oz. or $71. The bulk of the industry remains profitable even at $90 and with the exception of Vaal Reefs, the big producers which account for 80 per cent. of output are nowhere near having their viability threatened at that level. How long the industry could survive a $90 *gold* price would depend on cost inflation, still running at over 20 per cent.

The marginal mines are another matter. At the last count, 14 had a breakeven point above $100. Of these, about half are more or less permanently on state aid and, on a ruthless calculation, expendable, with a body of opinion even within the chamber prepared to argue that there is no point in keeping marginal mines going when they absorb scarce labour and other resources *and produce gold which is not* readily saleable in world markets. If a low gold price persists, some rethinking of the state aid scheme may be needed: it was a great success in keeping mines going from 1968 up to the point *where the gold price first surged* ahead, but looks much less justifiable as a permanent commitment at current prices. More will be heard of the argument that if a mine is unprofitable except at prices way above what can *reasonably be foreseen,* it should be allowed to fold.

A more pressing point will be what happens to the new mines now in process of development. The three main ones, Elandsrand, profitable at around the present gold price, but before they can be brought to production, large sums have to be spent on shaft *sinking, surface facilities and so* on. Elandsrand, for example, expects to spend at least R127m. to come into production by 1981 and had funds at end-March of R35m. against commitments this year of R25m. It will, therefore have to raise additional funds in early 1977 which, in the context of South African gold mining, involves a rights issue: the gold mines are usually developed with virtually no debt because of the risks involved in deep level mining. Yet unless the gold price *revives and lifts share prices in* its wake, a rights issue will be hard to stage without inflating the issued share capital to an unacceptable level.

Various established mines such as Harmony, Free State Saaiplaas and Free State Geduld, are engaged in major expansion programmes which may now need to be slowed down to the extent *that finance will have to come* from retained earnings, though cash flow from uranium sales will help mines like Harmony. *The only new issue planned is* Anglo American's dump retreatment scheme in the Witwatersrand, known as Ergo, which is relatively insensitive to the gold price because of the high content of uranium and other by-products. As a *capital* intensive, low risk investment, operating entirely on surface, it should be reasonably easy to launch even at the current gold price.

Any slowdown in the pace of gold mining expansion will hit the engineering and equipment sector which is already facing somewhat thin order books to*ward the end of 1977.* However, the main effect of the lower gold price will be indirect, accentuating the effects of tight monetary policy and the higher *taxes* announced in the last budget. Real disposable incomes are falling and the gold price will make them fall more. It therefore looks like being a rough six months or so for all the consumer-related sectors of business, but especially for the car manufacturers, the new TV industry, where discounting has set in and units are being knocked down by R200 or more from selling prices seen only six months *ago, when the novelty value was* high. The property sector, too, remains depressed, but latest figures show some improvement in the value of *housing plans* approved: however, with the present limitations on bonds, high lending rates and no tax relief the phenomenon may be temporary.

In anticipation of tight condi*tions, major* trading companies like Barlows have reduced inventories and achieved considerable turn-rounds in the liquidity. *The impending squeeze will fall* most heavily on small companies who lack the muscle to tighten up their credit terms, and the number of bankruptcies will probably rise. Much of this was predicted well before the gold price collapse, but the problem will now be worsened.

The low capital inflow remains a problem area, too. Companies *are reluctant to borrow overseas* when devaluation is a risk, not so much because it is likely to be forced on Pretoria, but as a possible policy measure; though one which looks less p[…] if the gold price stabilise[s …] *to finance all. Inc. big […]* such as uranium enrichm[ent …] the continued expansion [of …] *infrastructure,* an inflow o[f …] R1bn. annually is needed. [In] this fiscal year, the inc[…] capital account has been [negli]gible. Indicators such [as …] Securities Rand discount [repor]tedly a thin market[…] there is minimal inflow o[f …] for portfolio investment.

Taking the industrial[s …] there are more shares [with] *double than single figur[e …]* even so, brokers tend to f[…] the key Rand Daily Mai[l …] now 203, may come back [to] 160 over the next six [months] whereas before the gol[d] slide there was some hop[e …] *downside potential bei[ng con]*fined to 10 per cent. or [at] some point, policies will […] yield basis is likely to [bring] overseas investors back i[n …] nesburg, with the possi[bility of] big profits on picking t[he …] *shares* and of benefitin[g from] a turnround in the Se[curities] Rand discount as well.

The really buoyant par[ts of the] economy are those inv[olving] base metals and soft com[modities] —maize, sugar and wool [where] prices and volumes ha[ve risen] rapidly in line with the [recovery] of the industrialised coun[tries in] the current year. "*Mere* exports" — *mainly me[tals and]* other commodities — sh[ould be] worth at least twice the [value of] gold output in terms of [foreign] exchange earnings. The […] really beginning now [as] developments such [as …] Richards Bay port in Nat[al …] large scale coal exports [began in] April. If all the curr[ent] export plans are reali[sed and] approved, their value in [the] 1980s, simply taking […] prices, is likely to top R[…] year.

Such projections do [not …] the economy through [the next] few difficult months, [but they] illustrate the diver[sification] which the republic's ex[ports are] gradually achieving. [In the] short term, the lower g[old price] has no effect on the per[formance] of the base metals secto[r …] to the extent that mini[ng …] cash flow will be redu[ced …] there is a hopeful asp[ect to the] gold collapse; it is that […] likely to assume far […] portance to the republic [as] exports build up

> "The marginal mines are another matter. At the last count, 14 had a break-even point above $100. Of these, about half are more or less permanently on State aid and, on a ruthless calculation, expendable . . ."

ALCAN'S FORWARD PLANNING

Testing the political winds

BY RHYS DAVID IN MONTREAL

A STRONG indication that Alcan will want to see clearly the direction of political and labour trends in Canada in setting the pace for its ambitious plans to expand aluminium smelting capacity has been given by the company here.

Alcan, the world's second big*gest producer of aluminium is in* the favourable position among the big producers of being able to achieve a 30 per cent. increase *in capacity without any addition* to its existing hydro-electric system and has already announced long-term plans to modernise its eastern and western Canadian smelters at an estimated cost of around $1bn.

Much of the company's current capacity, however, has been out of commission since the beginning of June because of a strike *at its Quebec plants over new* labour contracts, and indications suggest the dispute could last for a further considerable time. *There is also concern over price* and profit controls in Canada and increased Government intervention in business.

The big increases in capacity which are available to Alcan are the result of technical improvements in smelting making it possible to achieve substantial increases in output per kilowatt hour of electricity in modern plants. The company is also a supplier to the Canadian electricity authorities of power from its hydro system and is hoping it *could reclaim this for use in* aluminium production. The recession *of* the past year has already led Alcan to delay a start on its *modernisation programme,* however, and the further incidents caused by the strike may lead the company to adopt a much more cautious step by step approach adjusted to the conditions at the time.

Mr. David Culver, regional vice-president for North American operations, speaking at a seminar organised by the company in Montreal, said they were looking at ways of improving Alcan's labour relations but they were concerned at the extent to which labour relations generally in Canada were: particularly in the public sector. Apart from the strike affecting Alcan and the well publicised troubles before the Olympics, other recent disputes in Canada have involved air-traffic controllers, nurses and liquor store workers.

Mr. Culver added: "We also want to feel there is an invest*ment climate which would justify* this sizeable long term commitment to Canada as against other possible investments in other parts of the world."

In handling the present strike Alcan has adopted a fairly tough line following its experience in 1973 when it was again involved in a dispute over a new contract.

There is some argument within the company whether a different approach might have avoided the shut-down which has taken place. Out of total Alcan capacity of 1m. tons in Canada, 80 per cent. of which was working on June 1, 350,000 tons is still operating, 250,000 tons was shut down *in an orderly fashion* (mostly before the strike, because of weak demand) and 410,000 tons has been shut down in a *disorderly fashion* as a result of sudden walkouts. In consequence apart from losing business at a time when demand for aluminium has been recovering strongly, Alcan is faced with restart costs of, not less than $25m.

The walk-outs at the company's main Quebec smelter followed a decision by Alcan to begin closing down some pots because of a failure to reach agreement on the new contract.

A move made by the company *because of fears* that the unions were seeking to prolong the talks as in 1973 when plants were operated for a long period without talks and at a low rate of productivity. A further factor has been the emergence of new local unions which have replaced the unions previously representing workers at the main Alcan plants. Since the strike which took place before the two sides began substantial talks on the monetary part of the total package, the company has sent an offer—by mail—but no new talks have taken place. The company now hopes, however, *that once talks begin, they will* not be protracted.

But although the strike is clouding the short term view Alcan is still confident that the next few years will mark a period of much higher returns. A period of profit similar to 1974 when record earnings of $169m. compared with only $35m. in 1975 is seen as essential *by the company if the extensive* programme of modernisation is to be undertaken. Alcan has recently undertaken a major equity raising exercise in North America again aimed at generating funds for investment.

The increased demand which the industry has been experiencing in recent months comes at a time when only limited additions to capacity are being made with the result that supply and demand are expected to be in plants relatively quickly. The *loss of metal from Alcan's* smelters which will take several months to build up again to pre-strike capacity will hasten this and has already resulted in some other producers bringing forward plants to return to higher levels of production.

According to two leading analysts who spoke at the seminar, Mr. Stewart Spector of Oppenheimer, New York, and Mr. Anthony Hayes, of Burns, Fry, Toronto, increased demand could result in prices climbing *to 50 cents per pound early next* year and to 55 cents later in 1977 bringing the industry much closer to the metal price which it claims will be necessary to justify investment in new facilities.

Some optimism too is being expressed by Alcan that restraint will be shown in investment enabling the industry to avoid the problem of *swinging* back again to over capacity and depressing prices. For aluminium generally Alcan is con*vinced that growth in demand is* likely to resume at around 5 to 5½ per cent. per year over the medium term compared with the historic 8 per cent. growth up to 1974.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1985	102½	103½
Aquitaine 10pc 1985	101½	105¼
Bowater 9½pc 1986	99¼	100¼
Caisse National Autoroute 9pc 1986	98½	99½
CNE 9½pc 1985	100½	101½
ECS 9½pc 1986	101	101½
EIB 9½pc 1985	102½	103½
Erap 9½pc 1985	102½	103
Esso 8pc 1986 Nov.	100½	101
Eurofima 9½pc 1985	100	100½
Granges 9½pc 1985	101	101½
ISE Canada 9½pc 1986	102½	103½
Massey Ferguson 9½pc 1991	101½	102½
Michelin 9½pc 1986	100½	101½
Modo 9½pc 1983	102	102½
Natl. Westminster 9pc 1986	99	99½
Norpipe 9½pc 1986	101	101½
Norsk Hydro 9½pc 1986	102½	103
Oslo 9pc 1988	100½	101½
Pacific Light 9pc 1988	94½	95
Prov. Quebec 9pc 1984	100½	101½
Sandvik 8½pc 1986	100	100½
Scallraff 8½pc 1988	99½	100½
SFE 9pc 1983	100½	101½
Shell 9pc 1986	100	100½
Stand Oil (Ind.) 8½pc 1988	103½	104
Svensko Handels 9½pc 1986	101½	102
Volvo 9½pc 1985	102½	103½
NOTES		
Bank of Tokyo 8½pc 1981	100½	101
Barclays 8½pc 1983	102	102½
British Gas 9pc 1981	100½	101
Charbonnages Fr 8½pc '81	99	99½
Denmark Mtg. Bk. 9pc 1983	101	101½
ECS 8½pc 1981	[illegible]	[illegible]
EEC 8½pc 1981	[illegible]	[illegible]
Electricity Cl. 9½pc 1981	[illegible]	[illegible]
Montreal Urban 9½pc 1981	[illegible]	[illegible]
Nacional Fin. 10pc 1981	[illegible]	[illegible]
New Brunswick Ek. 9pc 1980	[illegible]	[illegible]
Seagram 9pc 1980	[illegible]	[illegible]

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	79	81
Ashland 5pc 1988	81½	83½
Beatrice Foods 4½pc 1992	97	99
Beatrice Foods 4½pc 1993	113½	115½
Borden 5pc 1992	96½	98½
Broadway Hale 4½pc 1987	75	77
Canon Camera 7½pc 1989	133	135
Carnation 4pc 1987	80	82
Chevron 5pc 1988	64½	65½
Dart 4½pc 1987	78	80
Eastman Kodak 4½pc 1988	114	116
Economic Labs. 4½pc 1987	72	74
Fed. Dept. Stores 4½pc '85	114	116
Firestone 5pc 1988	88	90
Ford 6pc 1986	96	98
Ford 5pc 1988	86½	88½
General Electric 4½pc 1987	83	85
Gillette 4½pc 1987	73½	75½
Gould 5pc 1987	103	104
Gulf and Western 5pc 1988	98½	100½
Harris 5pc 1992	90	92
Honeywell 6pc 1986	82½	84½
ITT 4½pc 1987	72½	74½
Komatsu 7½pc 1990	106	107½
J. Ray McDermott 4¾pc '87	143½	145½
Mitsubishi Elec. 7½pc 1991	105	106½
Mitsui 7½pc 1990	103	104½
J. P. Morgan 4½pc 1987	113	115
Nabisco 5½pc 1988	97½	99½
Owens Illinois 4½pc 1987	100½	102½
J. C. Penney 4½pc 1987	78	80
Pioneer 6½pc 1980	205½	209½
Revlon 4½pc 1987	108½	110½
Reynolds Metals 5pc 1988	88½	90½
Sperry Rand 4¼pc 1987	101	103
Squibb 4½pc 1987	[illegible]	[illegible]
Texaco 4½pc 1988	[illegible]	[illegible]
Toshiba 6½pc 1990	[illegible]	[illegible]
Union Carbide 4½pc 1982	[illegible]	[illegible]
Warner Lambert 4½pc 1987	[illegible]	[illegible]
Warner Lambert 4½pc 1988	[illegible]	[illegible]
Xerox 5pc 1988	[illegible]	[illegible]

Source: Kidder Peabody Securities.

Investment authority for UAE

ABU DHABI, J[uly 22.]

THE UNITED ARA[B EMI]RATES (UAE) Govern[ment is] *to set up a federal […]* to handle the State's [invest]ments at home and abr[oad, the] newspaper Al-Wahda s[aid].

The newspaper quot[ed offi]cial sources in Abu [Dhabi as] saying the decision t[o set up] *the investment autho[rity was]* taken after it was fo[und that] some member emirat[es were] borrowing abroad a[t …] 14 per cent. interest w[hile the] Federal Government [had] received 9 per cent. [on its] deposits abroad.

It said that the in[vestment] authority would fina[nce pro]jects at home on co[…] *terms as well as inves[t …]* surplus abroad.
Reuter

Mauri setback

MAURI BROTHERS a[nd Thomp]*son, large food and fo[…]* ment group, told the [Sydney] stock exchange t[hat its] 1975-76 profit will be l[ower than] earlier expected, but [the] company will still pa[y …] dividend, James Fort[h writes.] The announcement ca[me after] the exchange asked if [the company] knew any reason for [the fall in] the price of the […] *shares from 80 cents* to a current level of [….] At last year's annual [meeting] a higher profit was fo[recast for] 1975-76 but when re[porting a] drop in trading prof[it for the] first half from $A[… to] $A1.1m. the direct[ors] spoke of an improv[ement in] the second half.

St. Regis increa[se]

ST. REGIS PAPE[R] quarter earnings per [share rose] to $1.09 (66c). Ear[nings per] share diluted we[re …] (62c). Net income w[as …] *(14.6m.);* revenue wa[s …] ($345.3m.). First ha[lf figures] were: $2.01 ($1.6[…]) ($1.49): $47.5m. ($35.[…]) $827.5m. ($700.8m.) [respec]tively. 1975 half ne[t included a] gain of $4.25m. or [… a] share from sale of 5[0 per cent.] interest in R-W Pap[er.] Reuter from New Y[ork.]

MINING NEWS

S. African gold output warning

Y KENNETH MARSTON, MINING EDITOR

ALL for a deferment of International Monetary Fund gold sales there is an increase in the and for the metal is made Mr. R. A. Plumbridge, president of the Chamber of Mines of h Africa. He comments that would be welcomed not only ie gold producers but also by developing countries "which supposed to benefit by the t made on the IMF sales."

says that in the longer term believed that demand will ase to absorb all the gold ed while at the same time ing the price to increase. But ie present depressed price sts for any significant period time "it will seriously ardise primary gold production throughout the world."

ny South African gold mines reviewing their production es. Mr. Plumbridge points hat some have the flexibility ise their pay limits and gold ery grades in order to ally offset the effects of the bullion price. Others, however, will be forced to follow lower grade producers t have announced their intention to curtail or stop underground operations.

concludes that, "while the assistance scheme may on the effects for some mines, is no doubt that if the price remains at lower levels prolonged period there will significant reduction in gold iction and employment of Whites and Blacks in the g industry. The mining try and, indeed, South Africa whole, can only view this ect with grave concern."

compared with 0.28p from which an unchanged dividend of 1.25p a share is declared.

* * *

America's Kennecott Copper and Molycorp report that their joint venture molybdenite deposit in New Mexico appears to be amenable to block caving underground mining. A second separate zone of mineralisation has been established in the north-east zone, parallel to and about 2,000 feet north of the south-west zone, the east end of which is adjacent to Molycorp's present open-pit mine.

Hudbay's $36m. Decalta sale falls through

THE proposed $36.3m. (£20.9m.) sale of 36.6 per cent. of Canada's Western Decalta Petroleum by the Anglo American Corporation group's Hudson Bay Mining and Smelting to Great Lakes Power Corporation will not now take place.

Hudbay says that the purchase was conditional upon Great Lakes and Western Decalta reaching agreement on the acquisition by Western Decalta of all the outstanding shares of Great Lakes' wholly-owned subsidiary, Brascan Resources. But it has become apparent that the latter deal could not be completed on mutually satisfactory terms.

Hudbay acquired substantially all its interest in Western Decalta from Anglo American Corporation of Canada in 1974 for a $30m. combination of shares and cash.

ROUND-UP

Malaysian tin producing Hydraulic announces an unaltered first interim dividend of r share in respect of 1976, ital for last year being 7.15p re. The chairman of Kinta Tin says in his annual ent that unless the favourtrends are reversed in the g months, the period to March will produce another table year" for the company.

* * *

Philippines registered Consolidated Mining and opment reports increased d-quarter net earnings of .85m. (£4.00m.), compared $5.05m. previously, making f-year total of $14.98m. as a $11.12m. for the same l a year ago.

* * *

ng an exchange rate of two ysian dollars to the pound ng, the gold producing and Phoenix reports utable profits for 1975 of 13 against £110,618 in the ous year. The earnings per figure comes out at 7.79p

O'OKIEP PAYING DIVIDEND AGAIN

The South African copper producer O'okiep, in which America's Newmont Mining has a 57.5 per cent. stake, is returning to the dividend list with a second-quarter distribution of R1 (65p), equivalent to $1.15 on the American shares at the current exchange rate. This is O'okiep's first payment since the R1.50 for the last quarter of 1974.

The company made a second-quarter profit of $2.29m. (£1.28m.), equal to $2.24 a share, compared with a loss of $1.11m. for the same period a year ago. This brings the profit for the half-year to date to $2.86m. or $2.80 a share as against a loss of $2.08m. for the first six months of 1975.

O'okiep says that the continuing control of operating costs and higher copper prices have brought about the earnings improvement.

MINING BRIEFS

WHEAL JANE—June output of tin contained in concentrates, 92 tonnes (May, 90 tonnes).

BIDS AND DEALS

Malit gets rival offer from Jersey company

Malit Securities has received a counter offer from an unlisted Jersey-based investment company, Davis Investments.

On Wednesday, Ruberoid made an agreed 21p a share offer for Malit in exchange for shares, and on condition that this was accepted, offered to swap £205,546 of Malit loan stock for a similar amount of Ruberoid 10½ per cent. loan stock.

Davis has made a two-for-five share offer valuing Malit at 24p on the basis of Davis's net asset value. Gittens & Co. has offered to place any Davis shares involved at 55p per share, equivalent to 22p per share. If the offer becomes unconditional, Davis also proposes to repay the Malit loan stock at £70 per £100 nominal.

An important condition of the offer is that a Stock Exchange listing is granted for the new and existing shares of Davis.

The Davis capital consists of 1.2m. shares of 25p each with a net asset value of 60p a share, mainly in the form of quoted investments.

About 1m. are held by the Bank of Bermuda which acts as Trustee to the estate of the late Elizabeth McCleary Davis.

Gittens has bought 114,000 shares so far, but Ruberoid has the assent of the directors of Malit, accounting for about 2 per cent. of the capital, and other holders of a further 28 per cent.

It is believed that some portion of the 28.9 per cent. stake once held by Lubok Investments was placed in December with companies associated with Mr. Tony Buckley, who resigned as investment adviser to Malit in April, but it is not clear whether these companies are the same as the assenting shareholders.

Ruberoid, meanwhile, is continuing with its existing offer, according to a spokesman for its financial advisers, Samuel Montagu.

ESE TO MOP UP NEVE MINORITY

Under an option granted in 1973 Energy Services and Electronics has now entered into a contract with the minority holders of Neve Electronic Holdings to acquire from them the outstanding 24 per cent. of the capital on a deferred basis.

The aggregate consideration for the acquisition is £275,000 which represents the balance of the consideration payable to the minority holders in respect of additional shares acquired in 1974 and that payable to them in respect of the remaining shares.

The basis is £10,000 on completion of the contract (expected to take place shortly after the EGM on August 13; £85,000 by December 31, 1976; and £50,000 on June 30, 1977, December 31, 1977, June 30, 1978, and December 31, 1978.

Chairman of ESE Mr. R. Rigby says that the deferred payment basis fits in with ESE's cash flow projections. He points out that some allowance for inflation is included in the purchase figure.

ESE will pay interest on the amount of the consideration outstanding at the rate of 2 per cent. per annum over the Williams and Glyn's base rate for the time being.

In addition to the approval of holders the acquisition is conditional upon the consent of Williams and Glyn's Bank, Industrial and Commercial Finance Corporation, and Wallace Brothers Bank. This is because until the whole consideration is paid the certificates for the remaining shares will be deposited with a bank, together with a memorandum of deposit and a joint letter of instructions to the bank from ESE and the solicitors to the minority holders.

The annual report of ESE shows that during 1975 compensation payments for loss of oce of £57,000 were paid to directors.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Lloyds Bank, Midland Bank, Saatchi and Saatchi Compton, St. Andrew Trust.

Finals—Amalgamated Distilled Products, D. F. Bevan, Elbief, London Sumatra Plantations, Necpsend, Textured Jersey, Unigate, Watshams.

FUTURE DATES

Interims—

Commercial Union Assurance	Aug. 3
Glynwed	Aug. 11

Finals—

A.A.H.	July 26
Astra Securities	July 29
Austin (James) Steel	Aug. 4
Brady Industries	July 28
Crossfriars Trust	July 28
Fairey	July 27
Mining Supplies	July 30
Nova (Jersey) Knit	July 30
RFD	July 30

BHP SALE

Broken Hill Proprietary has sold its 50 per cent. shareholding in the Stanley Works Pty. to the Stanley Works of the U.S.

HAMILBORNE

Hamilborne has completed the purchase of 815,000 (23.7 per cent.) Ordinary shares of Reed and Mallik for £182,000.

HAWKER SIDDELEY

Brush Switchgear, a subsidiary of Hawker Siddeley, has acquired from Dunlop, for about £180,000, facilities and interests at Leicester for the manufacture of Metalastik spacers and spacer dampers.

DEVELOPMENT SECS.

Sir Robert McAlpine and Sons does not hold, and has never held, a controlling interest in Development Securities, the group that has recently sold the Dorchester Hotel to Arab interests.

NO PROBE

Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection has decided not to refer the proposed merger between Lonrho and Brentford Nylons and S. and W. Berisford and Tom Martin Metals Group to the Monopolies and Mergers Commission.

BANDANGA

Bandanga Holdings has purchased a further 7,500 Central Province Ceylon Tea Holdings Ordinary shares at 11½p and has received indications that holders of 6,000 Preference shares do not intend to accept the offer from Anglo-Indonesian Plantations.

NO CHANGE AT TALK OF THE TOWN

EMI is not after all, to take over the "Talk of the Town" restaurant and night club in London from Trust Houses Forte.

The purchase was foreshadowed in December last. But yesterday EMI announced that the negotiations did not reach a conclusion and that both parties had decided not to proceed further. Consequently, THF has decided to continue to operate the "Talk of the Town."

EMI will continue to be responsible for the entertainment there and the two parties agree that this arrangement suits their mutual interests.

ASSOCIATES DEALS

On July 21, Laurie Milbank bought 10,000 Dent Fownes at 18½p on behalf of Ace Investment, a subsidiary of Anglo African Finance.

Hoare Govett bought 250,000 Bibby and Baron at 50p on behalf of Low and Bonar.

Greene and Co. bought 2,000 Central Province Ceylon Tea Holdings at 11p and 152 Central Province 6 per cent. Preference at 50p on behalf of Bandanga Holdings.

SHARE STAKES

Tiger Oats and National Milling has bought a further 10,000 J. Bibby and Sons Ordinary shares. Total interest is 2,358,150 shares (28.53 per cent.).

By the 1-for-10 scrip issue of Estates Duties Investment Trust the ICFC group increased its interest in the trust to 6,080,669 shares (41.532 per cent.).

James Finlay has advised Borhat Tea that it has become interested in a further 27,550 Borhat shares as a consequence of Teith Holdings and West Nile Holdings becoming its subsidiaries. Finlays total interest is now 281,738 shares (52.17 per cent.). It has advised Noyapara Tea Holdings that as a consequence of West Nile Holdings becoming its subsidiary, Finlay has become interested in 3,000 Noyapara shares bringing total holding to 8,622 shares (11.5 per cent.).

Mr. Thomas Sayer is interested in 466,971 Ordinary shares of Sayers (Confectioners).

Nicholson Investments has during the last three months acquired 1,933 shares of Isle of Man Enterprises making total registered holding 842,103 shares. Total holding of all directors' interests is now 880,052 shares (71.07 per cent.).

RESULTS AND ACCOUNTS IN BRIEF

ARBOUR COURT INVESTMENTS—Following the nationalisation of the estates of the subsidiary in Sri Lanka, there is a delay in ascertaining the necessary information to finalise the 1975 accounts.

ASSAM FRONTIER TEA COMPANY—Report and accounts for 1975 will be published in approximately eight weeks' time.

AYER HITAM TIN DREDGING—Second interim 16.7p (8p) making 23p (13p). Treasury approved. Turnover for Year ended June 30, 1976 £10m. (£8.1m.). Net profit £2.6m. (£1.5m.), after tax charged £4.3m. (£2.2m.). Extraordinary items £70,000 (£146,060). Earnings per 25p share (before extraordinary items) 43.8p (27.9p).

BRYCOURT INVESTMENTS—Unaudited figures at June 30, show portfolio valuation of some £5.85m. compared with £6.07m. at March 31. Net asset value Ordinary share is 85.8p (86.7p).

COMMERCIAL BANK OF THE NEAR EAST—Profit after tax £116,495. Dividend 25p net (same).

DERBY TRUST—Interim 5.149p (4.331p) net. Revenue (including tax credit where applicable) after interest and management expenses but before tax £201,200 (£173,848) for the six months to June 30, 1976. Tax £69,771 (£63,387). Distribution to holders £131,429 (£110,561). Asset attributable £6.09m. (£5.25m.). Asset value per capital share £2.28½ (£2.06½). While it is expected that income for the full year will exceed last year's total, it should not be anticipated that the increase will be of the magnitude now reported.

DUALVEST—Value of net assets attributable to Capital shareholders including investments at valuation, £9,367,417 at June 30, 1976 (£9,794,263 at March 31, 1976). Less Income shares at par, £4,800,000 (£4,500,000), leaving £4,567,417 (£5,294,263). Net asset value per Capital share 243½p (264½p). No provision made for the surrender of 25 per cent. of investment currency premium and the tax on capital gains which might arise on future disposals of investments.

ENGLISH ASSOCIATION OF AMERICAN BOND AND SHARE HOLDERS—Interim dividend 4.875p net (same)—total 18.875p for 1976. Pre-tax profit for half-year to June 30, 1976, £41,180 (£36,030) including commissions, fees, interest, etc., of £113,530 (£100,040) and after expenses and depreciation £72,340 (£64,010). Tax £13,860 (£13,700). Retained £19,090 (£14,890).

GILTSPUR—Full preliminary statement for year to March 31, 1976, with chairman's comments on prospects reported July 13. Group fixed assets £12.46m. (£12.61m.). Current assets £22.14m. (£17.84m.), liabilities £14.21m. (£11.66m.). Bank overdrafts £5.36m. (£3.23m.). Cash £0.89m. (£0.91m.). Overdrafts have been reduced since year-end and borrowings will be further scaled down by continuing realisation of assets which do not warrant retention for trading purposes. Meeting, Mayfair Hotel, W., on August 16 at noon.

GLOBE AND PHOENIX GOLD MINING—Dividend, 1.25p (same) net for 1975. Turnover £375,807 (£438,419). Pre-tax profit £100,366 (£273,513) add associated companies £15,174 (deduct loss £101,778) making pre-tax profit £115,540 (£171,735). Tax £53,191 (£169,656) leaving profit £62,349 (£2,079). Earnings per 12½p share 7.79p (0.26p).

KINTA KELLAS TIN DREDGING—Results for year ended March 31, 1976, already reported. Fixed assets £146,342 (£174,931). Net current assets £656,777 (£342,674). Meeting, Kuala Lumpur, July 31.

LEVERS OPTICAL COMPANY—Dividend 1.269p (same) for 1975. Turnover £972,258 (£788,836). Loss £15,693 (profit £9,837) after tax credit £3,178 (charge £15,303). Loss per 25p share 4.4p (earnings 3.2p). Results arrived at after charging loss in respect of a subsidiary which only became fully operational in 1975 and after costs incurred as a result of a redevelopment of the London manufacturing premises.

LOWLAND INVESTMENT — Gross income £258,514 (£225,732) nine months to June 30, 1976. To interest and expenses £55,753 (£90,894) and tax £38,601 (£41,501). Earnings after tax £164,160 (£94,237)—1.54p (1.24p) per share. Net assets per share (assuming full conversion of loan stock) 51.5p (45.6p). Interest dividend 0.6p (0.5p) already paid.

MOORGATE INVESTMENT COMPANY—Results for the year to May 31, 1976, already reported. Investments in Great Britain quoted at mid-market value £2.86m. (£2.49m.). Abroad £0.51m. (£0.33m.). The directors think they are finding some attractive and high-yielding investment opportunities among smaller but sound companies in the U.K. market. They expect to be able to at least maintain the dividend at increased levels. The 25 largest holdings accounted for 40.1 per cent. of the market value of investments shown in the balance-sheet. Meeting, 8, Waterloo Place, S.W., on August 17, at 2.30 p.m.

STAVERT ZIGOMALA AND CO. (HOLDINGS) (furniture wholesalers and investment company)—Profit for year to March 31, 1976, £25,775 (£25,566). Tax £5,663 (£4,953), depreciation and amounts written off £3,279 (£3,648). Dividend 3.64p (3.6p) on 20p Ordinary and 2.5425p (2.51p) on 5p Deferred. Company is close.

TRONOH MINES—Interim 2.07p (1.641p). Last year's total 4.29p. Group turnover for six months to June 30, 1976, £2.7m. (£2.47m.). Group net profit £960,000 (£800,000) after taxation £350,000 (£620,000); Attributable £235,000 (£510,000); Dividends cost £214,000 (£169,000).

WEST COAST AND TEXAS REGIONAL INVESTMENT TRUST—Gross revenue £70,618 (£38,167) for six months to June 30, 1976. Expenses and interest £52,853 (£29,455). Tax £7,758 (£8,649). Net asset value per Ordinary share 73.6p as at June 30 (58.8p December 31, 1975). Board states that net revenue after tax should not be taken as an indication of revenue to be received for all 1976.

WYNDHAM ENGINEERING—Dividend 1.47p net (same). Turnover £170,914 (£179,234) year to March 31, 1976. Profit £11,617 (£15,921) after tax £8,663 (£10,560). Earnings per 15p share 2.94p (2.66p).

BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, July 21. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America Eurodollar Libor as of July 22 at 11.00 a.m.
3 months: 5 13/16 6 months: 6 1/16

SDR1=US$1.14352

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	167.0403
Afghanistan	Afghani (o)	45.30
Albania	Lek (m)	5.66
Algeria	Dinar (a)	4.1302
Andorra	Fr. Franc	4.9065
	Sp. Peseta	68.03
Angola	Ang. Escudo	31.37
Antigua	E. Caribbean $	2.70
Argentina	Ar. Peso (o)(†)	140.17
Australia	Australian $	0.8080
Austria	Schilling	18.20
Azores	Port. Escudo	31.37
Bahamas	Ba. $	1.00
Bangladesh	Taka	14.8978
Bahrain	Dinar	0.3958
Balearic Is.	Sp. Peseta	68.03
Barbados	Barbados $	2.0025
Belgium	B. Franc (m)	39.77
Belize	B $	2.2421
Benin	C.F.A. Franc	245.33
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.9605
Bolivia	Bolivian Peso	20.20
Botswana	S.A. Rand	0.8695
Brazil	Cruzeiro	10.77
Br. Solmn. Is.	Australian $	0.8080
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4431
Bulgaria	Lev	0.96
Burma	Kyat	6.6847
Burundi	Burundi Franc	78.75
Cambodia	Riel	n.a.
Cameroun Rp.	C.F.A. Franc	245.33
Canada	Canadian $	0.9744
Canary Is.	Sp. Peseta	68.03
Cape Verde Is.	Cape V. Escudo	31.37
Cayman Is.	Cay. Is. $	0.8350
Cen. Af. Rp.	C.F.A. Franc	245.33
Chad	C.F.A. Franc	245.33
Chile	Ch. Peso (m)	12.90
China	Renminbi Yuan	1.8583
Colombia	Col. Peso (m)	34.834
Comoros I'ds.	C.F.A. Franc	245.33
Congo (B'ille)	C.F.A. Franc	245.33
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8259
Cyprus	Cyprus £	0.4148
Czechoslovakia	Koruna (m)	5.80
Denmark	Danish Krone	6.1792
Dominica	E. Caribbean $	2.70
Domin. Rep.	Domin'can Peso	1.00
Ecuador	Sucre (o)	28.00
Egypt	Egyptian £ (o)	0.3906
Ethiopia	Ethiopian $	2.0856
Eq'l Guinea	Peseta	68.03
Falkland Is.	Falkland Is. £*	1.7840
Faro Is.	Danish Krone	6.1792
Fiji Is.	Fiji $	0.8994
Finland	Markka	3.8933
France	French Franc	4.9065
Fr. C'ty in Af.	C.F.A. Franc	245.33
Fr. Guiana	Local Franc	4.9065
Fr. Pac. Is.	C.F.P. Franc	86.90
Gabon	C.F.A. Franc	245.33
Gambia	Dalasi	2.2421
Germany (E)	Ostmark (m)	2.5770
Germany (W)	Deutschemark	2.5770
Ghana	Cedi	1.1539
Gibraltar	Gibraltar £*	1.7840
Gilbert & Ellice Is.	Aust. $	0.8080
Greece	Drachma	36.55

Country	Currency	Value of DLR
Greenland	Danish Krone	6.1792
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	4.9065
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	21.98
Guinea Bissau	Peso	31.37
Guyana	Guyanese $	2.5463
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.9240
Hungary	Forint (m)	20.85
Iceland	I. Krona	184.10
India	Ind. Rupee	8.9695
Indonesia	Rupiah	415.00
Iran	Rial	70.05
Iraq	Iraq Dinar	0.2961
Irish Rep.	Irish £*	1.7840
Israel	Israeli £	8.12
Italy	Lira	835.50
Ivory Coast	C.F.A. Franc	245.33
Jamaica	Jamaica $	0.9091
Japan	Yen	293.75
Jordan	Jdn. Dinar	0.330
Kenya	Ken. Shilling	8.4080
Korea (Nth.)	Won (a)	0.94
Korea (Sth.)	Won	484.0
Kuwait	Kuwait Dinar	0.2942
Laos	Kip (o)	80.00
Lebanon	Lebanese £	3.15
Lesotho	S. African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenst'n	Swiss Franc	2.4927
Luxembourg	Lux. Franc (m)	39.77
Macao	Pataca	7.1170
Madeira	Port. Escudo	31.37
Malagasy Rp.	MG Franc	245.33
Malawi	Kwacha	0.9272
Malaysia	Mal. Ringgit	2.5040
Maldive Is.	Mal. Rupee	8.5086
Mali Rp.	Mali Franc	490.65
Malta	Maltese £	0.4309
Martinique	Local Franc	4.9065
Mauritania	Ouguiya	43.053
Mauritius	M. Rupee	6.7443
Mexico	Mexican Peso	12.4906
Miquelon	C.F.A. Franc	245.33
Monaco	French Franc	4.9065
Mongolia	Tugrik (m)	3.3355
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.4329
Mozambique	Moz. Escudo	31.37
Nauru Is.	Aust. $	0.8060
Nepal	Nepalese Rupee	12.525
Netherlands	Guilder	2.7361
Neth. Ant'les	Antillian Guild	1.80
New Hebrides	Aust. $	0.8080
	Fr. Franc	4.9065
N. Zealand	NZ $	1.0085
Nicaragua	Cordoba	7.0225
Niger Rp.	C.F.A. Franc	245.33
Nigeria	Naira	0.6265
Norway	Nrwg. Krone	5.5042
Oman, Sultanate of	Rial Omani	0.3454
Pakistan	Pkst. Rupee	9.9843
Panama	Balboa	1.00
Papua N.G.	Kina	0.8060

Country	Currency	Value of DLR
Paraguay	Guarani (m)	126.0
P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3454
Peru	Sol	65.5
Philippines	Ph. Peso	7.4379
Pitcairn Is.	NZ $	1.0085
Poland	Zloty (m) (o)	3.32
Portugal	Port. Escudo	31.37
Port Timor	Timor Escudo	31.37
Principe Isle	Port. Escudo	31.37
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9605
Reunion Ile de la	French Franc	4.9065
Rhodesia	Rhd. £	0.617
Romania	Leu	4.07
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.70
St. Helena	£ Sterling*	1.7840
St. Lucia	E. Caribbean $	2.70
St. Pierre	C.F.A. Franc	245.33
St. Vincent	E. Caribbean $	2.70
Salvador, El	Colon	2.50
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	835.50
Sao Tome	Port. Escudo	31.37
Saudi Arabia	Ryal	3.5350
Senegal	C.F.A. Franc	245.33
Seychelles	S. Rupee	7.4719
Sierra Leone	Leone	1.1210
Singapore	Singapore $	2.4745
Somali Rep.	Som. Shilling	6.2950
Sth. Africa	Rand	0.8695
S.W. Africa Territories	S.A. Rand	0.8695
Spain	Peseta	68.03
Span. Ports in N. Africa	Sp. Peseta	68.03
Sri Lanka	S.L. Rupee	8.7066
Sudan Rp.	Sudan £	0.3482
Surinam	S Guilder	1.80
Swaziland	Emalangeni	0.8695
Sweden	S. Krona	4.4730
Switzerland	Swiss Franc	2.4927
Syria	Syria £	3.9750
Taiwan	New Taiwan $	37.95
Tanzania	Tan. Shilling	8.4650
Thailand	Baht	20.40
Togo Rp.	C.F.A. Franc	245.33
Tonga Is.	Pa'anga	0.7765
Trinidad	Trin. & To'go $	2.40
Tunisia	Tunisian Dinar	0.4388
Turkey	Turkish Lira	16.00
Turks & C'a	U.S. $	1.00
Uganda	Ug. Shilling	8.4650
Utd. Kingdom	£ Sterling*	1.7840
Un'd A'b Emir	UAE Dirham	3.9857
USSR	Rouble	0.7360
Upper Volta	C.F.A. Franc	245.33
Uruguay	Urug. Peso (m)	3.415
Vatican	Italian Lira	835.50
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m) (o)	2.9130
Vietnam (S)	Piastre (o)	1.51
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8068
Yemen	Ryal	4.54
Yugoslavia	New Y. Dinar	18.2631
Zaire Rp.	Zaire	0.8744
Zambia	Kwacha	0.8061

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official rate. * U.S. dollars per sterling unit. † Argentine peso: effective March 8, 1976, Exchange rate system merged, now only two rates, i.e., official rate and tourist rate.

For further information please contact your local branch of the Bank of America.

THE CHANCELLOR'S STATEMENT

Priority is to regenerate industry

Mr. Healey, the Chancellor, introducing his statement on public spending cuts told the Commons: "Our over-riding priority is to restore the prosperity of the British economy through the regeneration of our industry and to provide the essential conditions to bring down, and to keep down, the intolerable level of unemployment.

"To do this we must ensure that manufacturing industry has sufficient resources available to take advantage of the exceptional opportunities open to us in the export field.

"We have got to get our rate of inflation down to the level of our competitors and hold it there: and we have got to do both in a way which will protect the poorest and weakest of our people and retain the social consensus on which the success of all our policies depends."

Mr. Healey recalled that in his Budget speech of last April he said that he expected our gross domestic product, which fell during 1975, to grow by about 4 per cent. and manufacturing output to grow by about 8 per cent. in the year to mid-1977.

"In fact the recovery has proceeded faster than I then expected, led by a vigorous growth in exports. On present policies I would now expect GDP to increase over the 18 months from the first half of 1976 at an annual rate of 5 per cent. and exports of goods and services by 11 per cent.

"This could imply a very rapid rate of increase in manufacturing production, perhaps as much as 8 per cent.

"We must as usual expect a lag before these developments affect the present unacceptable figures of unemployment: but on current prospects I would expect unemployment to start falling before the end of the year.

Money supply, he said, had grown well within the guidelines he set at the time of the Budget.

"The balance of payments on current account, however, remains in substantial deficit," he said.

"The 12 per cent. depreciation of sterling since March will inevitably worsen the balance of payments in the short term and make it more necessary than ever for us to maintain the confidence of those from whom we may have to borrow to finance our external deficit.

Massive improvement

"On the other hand, the increase in our exports and in import substitution deriving from our increased competitiveness will later bring a massive improvement.

"It remains my considered judgment that there is no call for major action in the current financial year. We've already taken firm action to break into the tendency for public expenditure to exceed planned levels.

"In particular, our new techniques of control, notably cash limits, will ensure that expenditure in 1976/77 is strictly contained within the limits which the Government have published.

"But there is no economic or financial case for further reduction in public expenditure or the Public Sector Borrowing Requirement which this year I now estimate to be about £11bn., about £500m. less than the Budget estimate.

"Given the economic prospect as we now see it, I intend that the PSBR for 1977/78 should be reduced to £9bn. or less. Next year, the recovery of the economy is likely by itself to reduce the PSBR only by something like £1bn. to about £10.5bn. This alone will not be enough. Fiscal action is needed in addition to achieve the objective which the Government set.

"I believe that it would be wrong in present conditions to load on to taxation anything approaching the whole burden of adjustment. In particular, a major increase in the burden of personal taxation would have unacceptable consequences for take-home pay. It could wreck our counter-inflation policy in the coming year.

"I must, therefore, look to public expenditure for a major contribution and I am announcing now, in advance of the usual White Paper, public expenditure reductions of £1bn. at 1976 survey prices for 1977-78, which will be the crucial year for recovery.

"The Government have avoided mechanical cuts across the board. We have deliberately decided to maintain the main social security benefits like pensions so as to provide the maximum support to those in need."

There were shouts of approval from Labour benches when he added: "We have also decided to maintain, untouched, our aid programme to the Third World."

Selective assistance

"We intend to move towards putting emphasis on selective, as against general, assistance to industry.

"We plan, therefore, to increase significantly the resources available for selective assistance to industry through the NEB and the Scottish and Welsh Development Agencies, as well as from the Government direct, so as to support the work on the industrial strategy now under way in NEDC."

As part of this policy, the Government would also watch vigilantly the need for any extension of its existing selective import restraints to provide temporary protection to viable industries faced with unfair foreign competition.

The Government were prepared to make provision, within the revised programme, for a possible Government contribution in 1977-78 to the collective funding of any scheme of apprentice training which might emerge from public discussion.

"We shall be announcing before the recess further measures to help with the serious problem of unemployment among young people," Mr. Healey said.

This shift of emphasis towards selective assistance to industry would require savings in expenditure of three kinds.

"First, Regional Employment Premiums is at present £3 for men and £1.50 for women: in future it will be at a single rate of £2 for both.

"Second, we will introduce legislation to reduce the employer's rebate from the Redundancy Fund from 50 per cent. to 40 per cent.

"Third, savings will be obtained on regional development grants by imposing a delay of some three months in payment of approved claims.

"We also propose to concentrate these grants in future on manufacturing investment by withdrawing eligibility from the construction and mining industries, the location of which for the most part is not determined by any incentive.

Apart from further selective action to be decided, the net effect of all these measures will be to reduce the trade, industry and employment programmes in 1977-78 by £105m.

Net savings of £157m. will be made on the capital investment programmes of the nationalised industries other than the British Nationalised Oil Corporation.

These savings are spread between the industries and should not affect the main industrial objectives of any of them.

"We believe the time has now come to review the treatment of the nationalised industry programmes generally in our public expenditure figures so as to bring our practice more closely into line with that of other countries.

Agriculture and forestry

There will be net savings of £87m. on roads and related expenditure. Net savings of £25m. will be obtained on existing agricultural and forestry programmes, largely by deferring the payment of capital grants, and ending the lime subsidy.

Our existing plans envisaged that food subsidies would be largely phased out by 1978-79. This process will be accelerated, to save £80m. in 1977-78. The effect of this acceleration on the Retail Price Index will be only about 0.1 per cent.

The Government have decided to save £5m. on overseas services other than aid in 1977-78.

The planned Defence Budget for 1977-78 will be cut by £100m. This will be achieved by reshaping the works programme and some deferrals.

The Chancellor said it was necessary to reintroduce control over housebuilding by local authorities. Reductions will not be imposed in areas where housing needs are greatest.

He continued: "In addition, net savings of £146m. will be achieved, principally by reductions in local authority mortgage lending."

The building societies had been consulted and they had expressed willingness to help fill the gap in mortgage lending. "Net savings of £81m. will be obtained on existing programmes for other environmental services.

"For 1976-77, we have agreed to postpone the 5p increase in the charge for school meals due this September, but if the charge were kept at 15p in 1977-78, that would add £43m. to net expenditure on school meals in that year.

"We propose to limit this addition to £15m. by raising the charge by 10p in the autumn of 1977.

"We shall save £45m. on the rest of the education programme by curtailing capital expenditure on the universities and other educational building and reducing the budgets for science and the arts. The total net saving on this programme will be £30m."

Priority for the poor

The Chancellor said: "We have given high priority to the poorer members of our society and particularly to old-age pensioners. We shall continue to honour our commitments to uprate the main social security benefits regularly and we shall maintain general social security expenditure in 1977-78.

"Furthermore, we propose to increase the rate of the new mobility allowance in November, 1977. But we shall be introducing legislation to restrict the unemployment benefit entitlement of those with substantial occupational pensions; and non-contributory invalidity benefit for housewives will now be introduced in November, 1977.

"Taking into account the increase in mobility allowance, these measures will save about £21m. net in 1977-78."

Mr. Healey's reductions of £70m. will be made in 1977-78 in the health and personal social services programme as a whole but there will be no cuts in services for patients in the NHS.

"The cuts will consist of £20m. on capital expenditure on the NHS and on local authority personal social services; £20m. by way of extra receipts from increases in dental and opthalmic charges and £10m. from savings on overheads and measures to curb the drugs bill; and it is proposed to save a further £20m. in 1977-78 (£40m. in a full year) by legislation to recoup, mainly from insurance companies, the full cost to the NHS of treating road accident cases."

A reduction of £10m. would be made mainly in expenditure on Government accommodation.

Northern Ireland

A reduction of £35m. would be made in Northern Ireland. Some £3m. of this was the result of the new equalised rate of regional employment premium. The remainder would be spread widely over the different Northern Ireland programmes.

Then Mr. Healey disclosed his grand total "with the saving of £60m. on debt interest which results in 1977-78 from the measures I am announcing this afternoon, the total public expenditure saving will be £1.012bn.

"This will reduce the Public Sector Borrowing Requirement in 1977-78 by about £800m.

"In addition, further action in the tax field is needed to reduce the PSBR to £9bn.

"A massive increase in income tax or indirect taxation would be disastrous for our counter-inflation policy, particularly since the effects would be felt immediately in the middle of the next pay round.

The Government had therefore decided instead to make an addition of 2 percentage points to the employers' national insurance contribution to take effect from April 6, 1977. This would yield about £910m. in 1977-78 and about £1.03bn. in a full year.

Well under half of this would come from manufacturing industry. This sum would further reduce the PSBR in 1977-78 by about £700m.

The addition, like the existing contributions, would be an allowable cost for purposes of the Price Code and Corporation Tax.

Decisions on the Price Code to come into effect on August 1 included a rate of 50 per cent. for investment relief instead of 35 per cent. proposed in the consultative document and an adjustment factor of 1.4 for depreciation instead of the earlier proposal of 1.3.

These further changes should contribute to industrial expansion and in themselves make little difference to prices. The total estimated effect of the public expenditure and tax measures was expected to increase the price level by about 1 per cent. by March 1978, nearly two years from now.

On current forecasts these measures will suffice to achieve the Government's objective of getting PSBR down to £9bn. in 1977-78.

"This would be about 6 per cent. of GDP at current market prices, compared with about 9 per cent. which we now forecast for this year, and nearly 10 per cent. last year.

"It thus represents a reduction of one-third in the PSBR in the first full year of recovery. The General Government Financial Deficit, which excludes on-lending to public corporations and the private sector, is the concept used by some other countries and is often quoted in international comparisons.

"The measures I have announced will reduce the general Government deficit from just under 6 per cent. this year to three per cent. of GDP next year

Less pressure on interest rates

"The Government's plans for the reduction of the PSBR will, of course, make it easier to finance the borrowing requirement without excessive growth of the money supply.

"It will mean less pressure on interest rates, to the benefit of industry, and of mortgage holders and Government and local authority borrowing.

"In the current year, 1976-77 money supply has so far been growing at an annual rate of about 10 per cent. Because borrowing needs and gilt sales inevitably vary from quarter to quarter, we must expect rates higher than this for some periods, especially towards the end of the financial year.

"It is a mistake to attach too much significance to such fluctuations. For the financial year as a whole money supply growth should amount to about 12 per cent.

"Such an outcome would be fully consistent with our objectives for reducing inflation. I repeat the assurances I have given that I do not intend to allow the growth of the money supply to fuel inflation either this year or next.

"If inflation and output move as now forecast I would expect the growth in money supply to be lower next year than this.

"There remains a risk that, even after the reduction in the PSBR, the necessary restraint in the growth of the money supply might result in industry being denied essential finance.

"I intend to ensure that that does not happen. It is essential that any increase in bank lending should be directed to priority borrowing in particular for exports, import saving, and investment and working capital for productive industry.

"This means that both lending and commitments for the future to customers in all non-priority categories must now be strictly limited and we shall monitor carefully what happens in these categories.

"The Governor is issuing a notice to the banks emphasising the necessity of applying restraint in this extended form in reinforcement of existing requirements."

As a result of these measures he now expected GDP to increase over the 18 months from the first half of 1976 at an annual rate of about 4½ per cent. and manufacturing production at a rate of about 8½ per cent.

Unemployment in early 1978 would still be lower than expected at the time of the Budget, eve nthough the measures might reduce the fall in unemployment by about 60,000.

Mr. Healey predicted: "With the help of a much better balance in the public sector's finances, we can look forward to the economy recovering over the next 18 months at a pace whcih is both vigorous and sustainable and which will not refuel inflation.

"The measures I have announced this afternoon have one overriding purpose—to make certain that this recovery can be sustained until full employment is achieved.

"This means that sufficient resources must be made available for manufacturing industry to take full advantage of the export opportunities which now present themselves.

"The modernisation and expansion of our manufacturing industry must remain our first priority.

"I believe that these measures will enable both sides of industry to work closely together with the Government to achieve our common aim with full confidence that the remaining obstacles to our success are now removed," he ended.

THE EFFECTS OF THE CUTS 3

INDUSTRY

Employers hit hard

THE REALITY of the public expenditure game may be to keep Britain's foreign creditors happy, but the name of it is to divert resources to industry. Or, as the Chancellor put it yesterday, "our overriding priority is to restore the prosperity of the British economy through the regeneration of our industry and to provide the essential conditions to bring down, and to keep down, the intolerable level of unemployment."

From the viewpoint of the inter-departmental struggle as to who was to bear the brunt of the cuts, industry could well be regarded as coming out well from yesterday's package. The changes in the regional aid and employment side are fairly minor, and not, at a time when officials are moving away from this kind of aid towards selective assistance, especially crucial. Against that, the Industry Department has been promised as yet unspecified aid to increase its direct industry aid funds, the money for the National Enterprise Board as well as a gesture to increasing the Scottish and Welsh Development Agencies.

Standpoint

From private industry's standpoint, the view is quite the opposite. If it was industry, and such bodies as the CBI, which were loudest in their calls for a reduction in public expenditure, it is the employer who has found himself bearing most of the brunt of the measures. The added changes to the Price Code are certainly helpful — indeed the revisions to the investment relief (up from 35 per cent. to 50 per cent.) and the increase in the adjustment factor for depreciation from 1.3 to 1.4 are as much as — if not more than — the CBI was pressing for.

But the 2 per cent. increase in the employer's National Insurance contribution from 8¾ per cent. to 10¾ per cent. is a barely disguised payroll tax of £1bn put directly on to the companies' costs. For the first time, the employer's contributions have been raised, not to pay for pensions and unemployment benefit, but aimed directly at raising Exchequer revenue to be spent as the Government wills.

The Government may argue, as the Chancellor did yesterday, that the direct effect on manufacturing industry is not so great since this sector accounts for around 40 per cent. of the wage bill and that industry can recoup the sums through higher prices. But the tax must have a direct impact on cash flow. A great deal will depend on whether the market will allow companies to recoup the costs: domestic appliance and clothing manufacturers will find it a lot more difficult than chemical companies, for example.

The same could be said of the other moves to raise employers' contribution to redundancy payments from 40 per cent to 50 per cent., to equalize and thus effectively reduce the Regional Employment Premium to £2 and to impose a delay of some three months in payment of approved claims for regional development grants. The delay in regional grants may not be an important item (it may save some £40m. to £50m. from next year's regional aid budget) and the withdrawal of eligibility for such grants from the construction and private mining industries may have limited repercussions (it could save a further £30m. on the funds), but it represents a change, it hits the construction industry at a particularly bad time and it does affect cash flow.

The question now facing the Government is whether the surprise and anger felt by industry yesterday will prove sharp enough to cause a change in its attitude towards the Government's industrial strategy debate in the NEDC and the recent rapprochement between th Government and the CBI under Lord Walkinson. This in turn will depend on the relative weight which industrialists put on the constructive aspects of Government policy, including the relaxation of the price code, the reduction of the PSBR and its effect on exchange rates and, perhaps most important, the Chancellor's reassurances on borrowing rates and the availability of bank finance. First signs yesterday were that the CBI and other bodies would kick up a fuss about the increased tax on companies but that the Government's judgment of industry's ultimate unwillingness to endanger the broader union-Government-industry concordat may prove right.

As for the officials concerned with the industrial strategy and industrial aid their task is now to fight out how much extra money will be allocated and where it will go. The sums being discussed are thought to range between £100m. and £200m.

Direct aid

But there is little agreement yet on how it is to be spent. The Chancellor's reference to "selective" aid, however, provides a clue. In spite of the National Enterprise Board's pleas for money and Left-wing demands that it gets it to increase public ownership, both the Treasury and Industry Department are clearly seeking to put most of it into direct aid schemes. A further industry aid scheme may well be on the cards (although the experience of the present schemes has still to be judged). The NEB may get more for specific aims such as helping small engineering companies to market abroad and to restructure industries such as industrial trucks and mechanical handling. More ambitiously, the Industry Department may seek a wider scheme which, like the successful accelerated projects scheme, is aimed at a particular investment need such as removing bottle-necks and raising export production. And then there are the Scottish and Welsh Development authorities.

The overall sum may be decided reasonably soon. But its precise use may take a lot more time to work out.

Adrian Hamilton

CONSTRUCTION

Further blow

WHILE Department of the Environment Ministers, led by Mr. Peter Shore, were last night clearly relieved that their contribution to the expenditure cuts did not, in the end, represent a disproportionate part of the entire £1bn. package, the construction sector will see the reductions as a further body blow to an industry already deep in recession.

Output this year is due to show a fall overall of about 2 per cent. after last year's 6 per cent. drop and the 10 per cent. fall in 1974. With just under 200,000 building operatives already out of work there is no sign of an end to the slump and with road building, environmental services and housing expenditure all due for further pruning the outlook for the industry as a whole continues to grow worse.

Perhaps the most serious, albeit predictable, reduction in expenditure from the industry's point of view involves the road building programme, where a cut of £75m. has been ordered, chiefly hitting new construction and improvement work on roads and motorways. Ministers were making no secret of the fact that the repercussions for the nation's motorway-trunk route programme will be serious, although all existing contracts should be completed.

The reduction in spending means that a large number of important schemes in the pipeline will be deferred, in some cases for a number of years. A more detailed announcement is expected from the Minister of Transport within a few days. There will be, the DoE emphasised last night, no cuts in railway investment. Local authorities are also being asked to defer, for what could be a protracted period, any new starts in improvement and new construction work on their own roads.

In the housing sector, Mr. Shore announced the re-introduction of controls over local authority spending on new house-building. Overspending in the current year was thought to be running at around £100m. with tender approvals running at about 110,000. The objective is to get the original expenditure targets back on course and the approvals figure back below 100,000 for 1977-78.

While discussions with the relevant associations get under way, the DOE has imposed, until further notice, a total ban on letting further housing or associated contracts, accepting estimates from direct labour departments or purchasing land for housing. Also until further notice, housing associations are being asked not to let any new contracts.

Mr. Shore said last night that the housing cuts would not be indiscriminate and he was determined to ensure that the available resources went to areas of housing stress. The Minister would, he added, "be taking a realistic view of very expensive house building schemes."

Mr. Shore's concern with keeping intact as much of his new house building programme as possible was illustrated in the decision to make the largest expenditure cuts in the field of local authority mortgages, which have previously come in for pruning. Almost £150m. will come off the present annual budget of £276m. for local authority home loans in the belief that the reduction can be made good by additional building society lending and that the move will have a minimal effect on the actual provision of homes or on employment.

In June last year, the local authority mortgage budget was cut back by over £100m. and building societies stepped in to help make up the difference. The scheme has been slow to start and even now only a little over £40m. has been lent out, although much more is thought to have gone to people ignoring the formalised scheme and simply asking a building society for help. An estimated £50m. is now leaving societies every three months to help this sector of the market, a figure which the Government will now be anxious to see expanding further to fill the gap left by its own inability to supply the necessary finance.

Michael Cassell

HEALTH AND SOCIAL SERVICES

A £91m. scratch

WITH A 0.59 per cent. reduction in the £15.4bn. health and social security budget for 1977-78, what has been achieved in this major sector of public spending is not so much a cut as a slight scratch. And even some of this is notional, since roughly a third of the £91m. decrease on the February White Paper figure depends upon future negotiations with the insurance and pharmaceutical industries, while another £10m. of it depends on the passage of new legislation that fell by the wayside after the 1970 General Election.

This £10m. (£20m. in a full year if the necessary bill gets through) would come from a reduction or withdrawal of unemployment benefit paid to men over 60 who enjoy what the Government regards as "substantial" occupational pensions —say between £25-£35 a week in present-day terms. Mr. Ennals proposed such a change in the law in 1969; the post-1970 Conservative Government did not take it up. He believes the mood is now right to accept the measure, but is not counting on it until half way through the next financial year.

A further £13m. will be saved by postponing the introduction of the new non-contributory invalidity pension for housewives to November, 1977; against this must be set a promise to give a real-terms increase in the mobility allowance to severely disabled people, also from November next year. The net saving on social security account becomes £21m.

The invalid housewives, or others, might have been spared if the Government had doubled the 20p prescription charge, which has not risen since 1971 and from which the old, children, the poor and expectant mothers are exempt—but there is in fact to be no increase, on the argument that those who pay include many who are chronically ill, or too ill to work.

Increasing the charges for dental services and spectacles is, however, within the accepted political tradition of Labour governments. Consequently £20m. is to be raised by increases above those which would have been imposed anyway. From next April, spectacle lenses will be paid for at full cost, and the maximum charge for dental treatment will be nearly doubled, to about £7. The exemptions system will still exclude charges for children, people on social security, and others.

Capital expenditure, which has taken the brunt of past cuts (including those in February), falls by another £20m. out of £354m. previously planned for next year. This time some schemes for building health centres as well as new hospitals and local authority social service premises will be deferred, if not cancelled. At least these local authorities, who understand that capital expenditure has to be financed from revenue in future years will be relieved.

There is a vague declaration of intention to prune the centrally financed overheads of the NHS, as well as some research expenditure. This will go towards a £10m. "cut" that will also include a scheme to reduce the cost of pharmaceuticals by declining to pay prices that include what the Government sees as "excessive promotional expenditure."

The Association of British Pharmaceutical Industries reacted with some irritation to this announcement last night. The costs of promotion have been under discussion with the Government about a year, with a meeting with the Secretary for Health and Social Security due in August. The existing voluntary price agreement runs until September, 1977, says the association, and apparently it cannot be changed unilaterally. The association also claims that promotional exepnditure has been cut in real terms by 17 per cent. over the past four years—and adds that in the long run further artificial price reductions would damage exports. Clearly this "saving" will be subject to much dispute: for the time being, therefore, it must be regarded as notional.

Legislation will be introduced to recoup the full cost to the National Health Service of treating road accidents. The savings which will amount to about £20m. in 1977-78 and subsequently to between £40m. and £45m. in a full year, will be drawn mainly from the insurance companies.

The Department of Health considers that the time has come to make motorists pay collectively the full costs of road accidents falling on the NHS. It envisages a levy on motor insurance and vehicle users who insure themselves, but the Department is aware that such a scheme will take some time to launch and will be discussing with insurance companies the best ways of making the charge.

It estimates that the average charge to the motorist will amount to £3 a year.

The motorist already has to pay some charges for medical treatment arising from road accidents, but this only amounts to about £1.5m. a year, as against the full costs which amount to more than £40m.

Under the 1972 Road Traffic Act, insurance companies currently have to make payments of up to £200 for in-patient treatment, and up to £20 for out-patient treatment arising from road accidents. There is also a charge of £1.35 per person for emergency road-side treatment by doctors or ambulancemen.

These payments are made irrespective of any issue of legal liability that may be involved.

The insurance industry believes that any increases in insurance costs will ultimately be passed on directly to the motorist in the form of increased premiums. It expects rises of the order of 4 per cent.

By the end of the year the total of motor insurance premiums collected by the industry will be about £840m. The extra costs of £40m., or 4 per cent., will all be passed on to the motorist because of the way the insurance industry operates, which is to pay all claims out of premiums.

Joe Rogaly

DEFENCE

Accustomed to grief

ABOUT 5,000 jobs are likely to be lost in industry, mainly in the civil engineering and construction industries, as a result of the further cut of £100m. in defence spending in 1977-78, as part of the Government's overall cuts announced yesterday. The new defence budget for 1977-78 will be £5,547m.

While there was some depression in the defence establishment at having to cope with further cuts on top of the three already borne since 1974, there was also some relief that the figure agreed by the Government was not worse.

The new reduction follows that of £4,700m. until 1984 as a result of the Defence Review of April, 1975: the further £136m. in 1975 prices lopped off the defence budget for 1976-77; and the cut of £534m. up to 1980 under the Public Expenditure Review earlier this year (£177m. in 1977-78, £193m. in 1978-79, and £164m. for 1979-80); as a result, therefore, spending in 1977-78 will be axed by £277m. all told, in addition to the main Defence Review cuts.

While the Defence Ministry cannot yet say in detail where the axe cuts will fall, every effort is being made to avoid either cutting major front-line equipment programmes, or reducing commitments to Nato. Thus, there will be no additional redundancies in the armed forces, and the number of civilian jobs affected will be small —although over 78,000 service and MoD civilian jobs are being lost through the earlier Defence and Public Expenditure Reviews, together with 60,000 direct jobs in the defence industries and 80,000 indirect job losses.

The new cuts will be achieved mainly by rephasing some works programmes, especially on domestic administration and stores building programmes—which is why the majority of the 5,000 jobs that will now go will be in the construction industry itself. Up to £370m. a year is spent in the defence budget on works, buildings, and land, with another £640m. spent on miscellaneous stores and services of all kinds. By rephasing some programmes, and cutting out others, therefore, much of the Government's target for defence cuts can probably be met in these areas.

None of the major equipment programmes is likely to be affected—which means that things like the warship and submarine building programmes, new guided weapons and the plan for production of the Tornado Multi-Role Combat Aircraft will remain intact.

Michael Donne

EDUCATION

The scars are only minor

EDUCATION AND its associates, such as museums and research councils, have emerged from the Chancellor's exercise with relatively minor scars. Their £30m. net contribution to the 1977-78 saving represents rather less than 3 per cent. of the £1.012bn. total. Also — when rough allowance is made for yesterday's figures being in 1976 survey prices—the £30m. is a reduction of less than 0.5 per cent. from the £8bn.-plus budget for education and allied activities in 1977-78, which was projected in the February White Paper.

But the £30m. is only a net figure. This is because, in spite of the rise of 10p from autumn 1977 on the current 15p charge for a school meal, the ensuing year's total expenditure on school meals will be £15m. greater than was projected in the White Paper in February.

The plan then was to raise the charge by 5p this September. But after hearing objections from—most notably—the TUC, the Government decided to leave the charge at 15p for 1976-77.

If the charge had continued at that level for the 1977-78 year, then the school meals expenditure in that year would have been £43m. greater than was projected in February. The effect of the 10p increase will be only to limit this "overspending" to £15m.

To achieve the net saving of £30m., therefore, the meals-excluded budget for education and suchlike in Britain will have to bear a cut of £45m.

Of this, about £2m. will fall on the non-university educational activities in Scotland and in Wales. The remaining £43m. will be borne by the universities and the polytechnics, colleges, schools, and arts and science functions in England, which come under the supervision of the Department of Education and Science.

Of this £43m., the arts world is being asked to contribute about £2m., and the science and social science research councils and their like about £5m.

A further £36m. is left to be found from the "education proper" activities under the Department of Education and Science.

Two-thirds of it will be gained by, in the Government's terms, deferring capital expenditure projects in the universities which had been scheduled for 1977-78. Postponement of building will account for only a minor part of the saving.

Michael Dixon

W AND ORDER IN JAPAN

A friendly Big Brother

BY YOSHIKO SAKURAI in Tokyo

T MAKES the occasionally t Japanese among the law-abiding citizens in the ?

American sociologist, Miss Benedict, had an intuitive r in The Chrysanthemum he Sword written during orld War Two years and she had ever set foot on

saw the capacity of the se to be defiant and sub-, to be warlike and peace- and to be passionate and as one of the paradoxes national character. Since d of World War Two the se have been generally in submissive-peaceful-gentle of behaviour. This is re- in unbelievably low statistics.

973 there were 167 mur- ommitted in Tokyo com- with 221 in London and New York. The number ed robberies in the same as less than 0.5 per cent. e in New York and 16 nt. of those in London. of violence have been ing nation-wide. In 1975 were only 73,198 cases, is remarkably low given ation of 111m.

inologists ascribe this nd-order record to many factors besides Miss t's theory. The most is the ethnic and cul- homogeneity of the e. There are no ies (except for 600,000 s and smaller numbers of expatriate Asians), and no racial tensions. The unemployment rate has been above 2 per cent. uring the recession years. everyone is gainfully d so the incidence of against property is ly low. Burglaries of ld goods are almost of. Police say that the robo (thief) is usually wellery and cash.

less

use authorities learned t of keeping the popu- ile many centuries ago. the Tokugawa Era only urai—the elite warrior ere allowed to carry The tradition of keeping under control has been over to modern times. ne is allowed to carry ns except the police, and e possession of daggers er lethal instruments is prohibited. The "gun- lety" is best exemplified n's crack riot police who public demonstrations armed only with shields and sticks. They never carry side-arms for fear of having them stolen during a street fight. As in the old British tradition, Japanese detectives do not carry guns either unless they are apprehending dangerous criminals.

While social discipline, high employment and strict gun control are important factors Japan would not have the low crime rates that it has without an efficient law enforcement agency. It is not easy to compare the competence of the Tokyo police with that of the New York cop, the London bobby or the Paris flic, since they operate under different conditions. But in their own fashion the Japanese have a system that is hard to beat. High police visibility is assured by the omnipresent koban (police station) each not more than ten minutes' walk from the other. Each is staffed by ten policemen working in shifts. By simply being there they provide a feeling of security for the neighbourhood.

In the cities the koban's work is mainly to give road directions to motorists and passersby. In the rural areas they have closer relations with the residents in Big Brother fashion.

Anyone moving into a new neighbourhood is likely to receive a questionnaire from the nearest police office asking for his name, address, profession, business contacts, family relations, and other information. At the end of the questionnaire is the number of the police unit and the names of the officers to call in case of an emergency.

The "Dial 110" system contributes to good law enforcement. Anywhere in Japan you can dial the three numbers and contact the police. The time before help turns up averages only 5 minutes 16 seconds. Every policeman on the beat is within walkie-talkie reach. In 1974 there were more than 2m. "110" calls. The record indicates that a response time shorter than three minutes will lead to arrests in 50 per cent. of all the cases.

Sticks and shields only for riot police.

The koban system combined with the discreet but close watch kept on residents makes the "roller" strategy effective in ferreting out dangerous criminals. While searching an area where suspects may be in hiding, the police visit every apartment house and ask about the tenants, their jobs, and even the landladies' opinions about the tenants if necessary. These techniques made possible the apprehension of radical elements believed to have been responsible for the bombing of the Mitsubishi Heavy Industries offices in downtown Tokyo.

Yet there is a question of how durable the idyll can be: the Japanese police are not without worries. Official reports note an increase of juvenile delinquency, of white collar crime, and of the number of women involved in criminal activity. There are sociological reasons for these including the fact that in their highly competitive country many Japanese live under stress.

NORTH SEA OIL REVIEW

BY RAY DAFTER

Costly thorns in the Thistle deal

ON THE face of it, British National Oil Corporation appears to have paid over the odds for 65 per cent. of Burmah's stake in the Thistle Field. But the £87m. deal has a political content which is hard to quantify.

Aware of this fact, the Corporation made sure its reservations were made public—perhaps with one eye on possible future Parliamentary interest. "The BNOC has informed me that their judgment of the valuation of the assets would have resulted in a lower price," said Mr. Anthony Wedgwood Benn, Energy Secretary.

It is believed that the Corporation would have been happier to settle for around £10m. less than the £87m. directed by the Department of Energy. Indeed, alternative negotiations between Burmah and at least one British group in the private sector would tend to confirm the lower valuation.

This group had been seeking a smaller slice than that acquired by BNOC but its "best offer" would have been comparable to a price of around £75m. for 65 per cent. of Burmah's stake.

There is an inherent danger in making these comparisons, however. For instance, private groups pay Petroleum Revenue Tax whereas BNOC does not. Furthermore, on the basis of the information made public, it is difficult to identify the figure and conditions on which the Government based its price.

It is known that the Corporation has now acquired a direct stake of over 16 per cent. in the Thistle Field as a whole through both the Burmah deal on block 211/18 and its one-third holding in the small proportion of the field in block 211/19. (This interest does not include the various participation deals concluded). In addition, it has gained a 15.6 per cent. stake in two smaller oil finds in block 211/18.

The agreement suggests that the Department of Energy has worked on the basis of a high recovery factor on Thistle, quite possibly expecting over half the 1bn. barrels of oil-in-place to be produced. In addition, it may be looking for 100m. barrels to be produced from the other two fields on 211/18.

Suffice it to say that Burmah is well satisfied with the agreement. It has now found more cash in addition to the £90m. received from B.N.O.C. for the sale of its Ninian stake and the £290m. raised through the disposal of its North American interests. Furthermore, Burmah has washed its hands of a good deal of future expenditure.

Latest estimates put the Thistle Field development costs at over £525m. So far between £150m. and £200m. has been spent, which means that BNOC will now have to find at least £50m. more.

Stripped of the financial intricacies and controversy over whether or not the price is right, the BNOC-Burmah deal poses two general questions. Is it right, at a time of public expenditure cuts, that a state corporation should buy when a private group—ready to comply with Government wishes over participation—is willing to step in? And is it right that BNOC should be directed to pay a price with which it disagrees although, at the same time, it is charged by Government to act commercially? The answer to both these questions lies within Westminster and the Department of Energy's Millbank offices in particular.

Firstly the Government was anxious not to be seen to be twisting Burmah's arm too tightly, especially after making such a large paper profit on the British Petroleum shares acquired from Burmah and deposited with the Bank of England early last year.

Allocations

Secondly, the deal involves BNOC acquiring a 95 per cent. stake in Burmah Oil Development and a 95 per cent. interest in Burmah's other U.K. offshore assets—at a price still to be negotiated. This provides the fledgling state corporation with the pool of expertise it has been seeking. There are around 250 staff in BOD, the majority of them highly skilled.

It is felt within the oil industry that the Government wanted to conclude the deal speedily in time for BNOC to play a part in the next licensing round. Significantly, Burmah and BNOC have agreed to set up a separate joint company to acquire new licences.

The long-awaited locations of the 50 to 60 blocks in the Fifth Round allocations is likely to be announced next week now that the Government has dispensed with the preliminary work. Apart from the Burmah deal, British Petroleum has agreed terms of state participation—thus ensuring itself of a favourable seat at the licence negotiations—Shell and Esso have started to talk seriously about state involvement in their offshore interests thus guaranteeing them consideration in the next round; and the Government has finished its negotiations with the offshore industry over the Fifth Round terms.

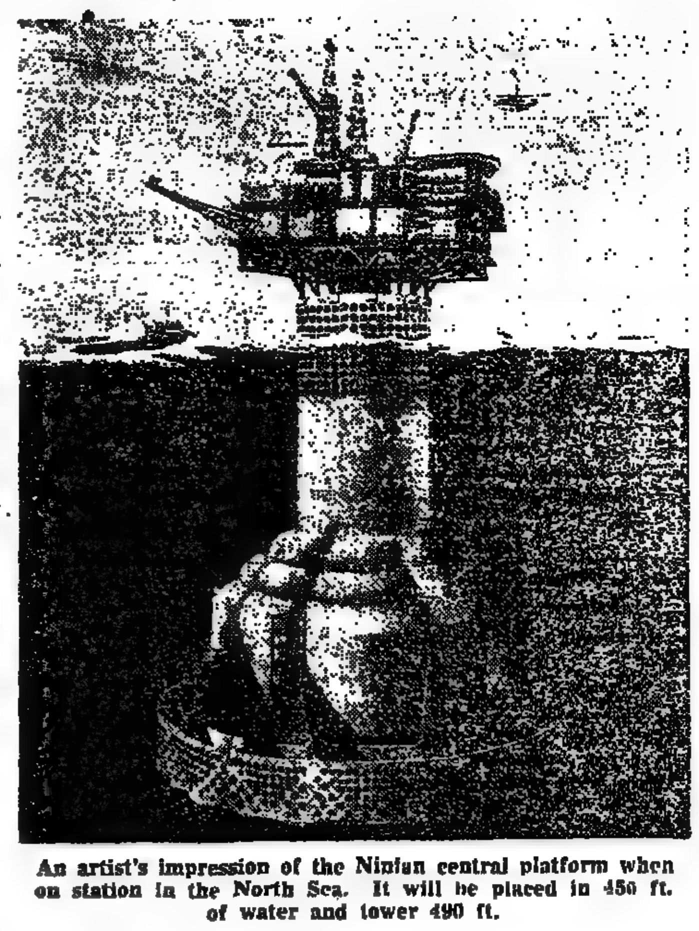
Although not conceding all the oil industry's points, the Department of Energy has agreed to make the relinquishment terms less harsh than originally planned. It was intended that the new licences would be operable for an initial period of four years after which licensees would be required to surrender not less than one-third of the territory. A further one-third would have had to have been relinquished after another three years with the remaining one-third staying operable for an extra 30 years. As it now stands there will be no relinquishments after four years but the licensees will have to hand back two-thirds of the concessions areas after seven years.

The easing of the timescale is important for, as the Government's own North Sea cost escalation study pointed out on Wednesday, oil companies are now proceeding more cautiously.

This is an important factor behind the hiatus in the production platform-ordering programme. After two years with no new orders, the platform yards can expect to gain no more than three or four new contracts by early 1978.

Several companies now completing structures find themselves working themselves out of a job. Some hefty payments, in the form of bonuses and redundancy arrangements, are being made to the workforce of Laing Offshore at Hartlepool, to ensure that Burmah's Thistle "A" platform is floated out by the end of this month. The timing is crucial if field production is to begin by the end of October, 1977.

The ambitious, if slightly curious, dock flooding ceremony at Howard Doris's platform yard at Loch Kishorn, Wester Ross, this week must have been witnessed with a tinge of sadness by the workforce. For here, too, there are—as yet—no foreseeable orders to follow the massive Chevron's Ninian Field (see above). The concrete structure, will be the field's central platform, and will be the biggest man-made object ever to be taken to sea.



An artist's impression of the Ninian central platform when on station in the North Sea. It will be placed in 450 ft. of water and tower 490 ft.

It is not only British yards embarrassed through lack of orders. The Norwegian builders of the Condeep concrete platform — Norwegian Contractors and the Aker Group — are also facing lean times. The group has just waved farewell to the Brent D platform, towed from a Norwegian fjord on schedule, to the day, set well over two years ago. The platform arrived over Shell/Esso's Brent Field about midnight on Wednesday, although bad weather was yesterday delaying the final emplacement.

With just one large order on the stocks—a platform for the Anglo / Norwegian Statfjord Field — Norwegian Contractors and Aker are faced with a dilemma. The strict depletion policies of the Norwegian Government are depressing prospects for "home" orders. The group is hoping to receive the contract for the second Statfjord platform although the size and form of this structure are still unknown.

So the Condeep people are looking longingly at the U.K. sector of the North Sea for more work. They realise, however, that in the present political climate their prospects of receiving an order on their own—in competition with work-hungry U.K. yards — are slim. Consequently, they are stepping up pressure for a joint venture with British manufacturers.

The Nowegian builders already have a licensing agreement with the Mowlem/Taylor Woodrow group which, in turn, has planning permission for a yard at Campbeltown, Argyllshire.

But with so much spare platform yard capacity, the construction of further facilities must be questioned. There are alternatives: A joint venture might use an existing, but unused yard; or it might result in a structure being manufactured in two places. Indeed it is conceivable that the deck section might be built in the U.K., floated to a Norwegian fjord to be married with the concrete "legs" and floated back to a U.K. field. Such is the complexity of North Sea development.

APPOINTMENTS

Lead Industries new chairman

Mr. Ian G. Butler, vice-chairman of LEAD INDUSTRIES GROUP, is to succeed Mr. A. S. Davies as chairman on January 1. Mr. Davies will retire as a full-time executive at the end of this year on reaching normal retirement date but will continue on the Board as a non-executive director. Mr. R. A. Cookson, a former chairman, will retire as a non-executive director at the same date.

★

AIRFIX INDUSTRIES has made the following appointments within its toy division: Mr. George Flynn, managing director of Meccano/Dinky; Mr. Kenneth Askwith, director and general manager of Airfix Products; and Mr. Derek Dodds, personnel director, Airfix Products.

★

Mr. Robert Willott has been appointed secretary to the Parliamentary and Law Committee of the INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES. Mr. Willott, who takes up his new position in October, is at present a director of Haymarket Publishing.

★

Mr. Ronald Mason, currently the BBC head of programmes in Northern Ireland, has been appointed head of radio drama. On January 1 he will succeed Mr. Martin Esslin who is leaving the BBC after nearly 37 years to take up a part-time professorial post at Stanford University, California.

★

Mr. Eduardo Romaguera has been appointed managing director of HAVANA INTERNATIONAL BANK.

★

Mr. I. H. Amory has been appointed chairman of LOWMAN MAUFACTURING COMPANY and its five engineering subsidiaries. Mr. M. F. H. Amory has been made deputy chairman. The changes follow the death of Mr. M. R. Reeve.

★

Mr. Brian P. G. Rea is the new managing director of JOHN HOLT (JCB). He is a former managing director of Tate of Leeds, and more recently, director and general manager of JCB South West. John Holt (JCB) is part of the Lonrho Group.

★

Mr. Gordon P. McDougall has been appointed financial director of CRAVENS HOMALLOY (SHEFFIELD). He joined the company in 1972 and later became company secretary.

★

Mr. Benjamin Allen, managing director of Alex. Lawrie Factors, is leaving that company to begin a new venture in the factoring industry called KELLOCK FACTORS, which will be based in Reading, Berkshire.

★

Mr. Larry Ovens, a director of Hughes Ovens and Hewitt, has been appointed chairman of the construction industry marketing group at the INSTITUTE OF MARKETING. Vice-chairmen of CIMG are Mr. Peter Brigham and Mr. John Heggadon, and Mr. Colin Smith is secretary.

★

Mr. Brian Robertson has been appointed director and general manager of the packing division of ALLTRANSPORT INTERNATIONAL GROUP. Previously supply and distribution manager of Spillers Foods' international division, Mr. Robertson will control Alltransport's export packing operations from the packing division's main depot at Woolwich.

★

Mr. M. W. Jacomb has been appointed a vice-chairman of KLEINWORT BENSON, merchant bankers and Mr. C. A. A. P. Eugster and Mr. S. M. Robertson have joined the Board

★

Mr. Brian Robertson has become managing director of Caplin Engineering Company, a subsidiary of MANGANESE BRONZE HOLDINGS. Other group appointments are Mr. J. W. Lennox as deputy chairman of Manganese Bronze and BSA Sintered Components and chairman of BSA Metal Powders; Mr. R. D. Paterson, managing director, Manganese Bronze; Mr. D. G. Northway, managing director, BSA Sintered Components; Mr. M. Rowland, a director of Manganese Bronze and BSA Sintered Components, and Mr. J. G. Frimstone and Mr. C. J. Cooke, directors of BSA Sintered Components.

★

Lord Ponsonby, this year's chairman of the Greater London Council, will be the chairman of the LONDON TOURIST BOARD for three years from October 1. He will succeed Sir Anthony Milward, chairman of LTB since 1971, who has been appointed president of LTB, in succession to the Very Reverend Martin Sullivan, Dean of St. Paul's.

★

Mr. Peter J. Grant, a director of the SUN LIFE ASSURANCE SOCIETY, has been appointed a vice-chairman from August 1. Mr. Norman K. King, the society's sales and marketing executive, will become a director from that date.

★

Mr. Donald Goss and Mr. John Kerr have been appointed directors of FERNDEN CONSTRUCTION (WINCHESTER).

HOME CONTRACTS

Marconi's £1.4m. N. Sea work

MARCONI COMMUNICATION SYSTEMS, a GEC-Marconi Electronics company, has been awarded a £1.4m. contract by Shell (U.K.) for a tropospheric scatter communications link for some of its offshore installations. Marconi is to supply equipment to establish a communications system linking seven of Shell's offshore installations in the Cormorant, Brent and Dunlin oil fields with a new Post Office shore station on South Shetland. This will then relay the signals from the Shell installations to a second P.O. station near Fraserburgh, and thence into the U.K.'s national and international telecommunication circuits.

★

FOSTER WHEELER POWER PRODUCTS has won a contract from Chevron to build two modules for an offshore drilling and production platform which will be located in the North Sea's Ninian Field. Both units will be assembled and fabricated at their offshore facility at Dumbarton, Scotland, and are scheduled for load-out in the first quarter of 1977.

★

M AND H TUNNEL AND CIVIL ENGINEERING, of Thurcroft, near Sheffield, has been awarded two contracts totalling £1.75m. The first is for a tunnel driving-shaft sinking scheme at the Grimwith reservoir enlargement project at Hebden Bridge, West Yorkshire. The second involves the jacking of 620 m. of steel and concrete sleeve as part of a British Gas Council pipeline running between St. Fergus and Kirriemuir, Angus.

★

HENRY BOOT CONSTRUCTION has received three contracts totalling almost £2.5m. The first, worth £1.48m. is for erection and completion of 152 dwellings and two shops on four sites known as the Seacroft Village Scheme, in the City of Leeds. The company has also been awarded a contract worth more than £500,000 by the Property Services Agency of the Department of the Environment to construct an extension to the telephone exchange at Abbey Park Place, Dunfermline, Fife, on behalf of the Scottish Telecommunizations Board. The third contract, worth £370,000, is for fitting out new premises at Dalrymple Street, Greenock, for Glenaffer Finance Corporation of Glasgow.

★

TOWCO GRATTE, Isleworth, Middlesex, has been awarded two contracts totalling almost £1.4m. The larger, worth more than £1m., is from the Church Commissioners for mechanical and electrical services in the refurbishment of 5-14, St. Paul's Churchyard, E.C.4. Main contractors are Trollope and Colls and completion is scheduled in September, 1977. The second order, worth £303,600, is in respect of Provident Mutual Life Association's new offices at Hitchin, Herts., for which the main contractors are Willmotts of Bedford.

★

WILLIAM TAWSE, part of Aberdeen Construction Group, has been awarded a contract worth £813,800 by the John Wood Group (Aberdeen) for construction of a new slipway at Aberdeen harbour.

★

SYSTEMS CONSTRUCTION (U.K.), Northampton, part of the John Willmott Group, has won a £308,853 contract to build an observation and assessment centre at Glinton, Peterborough, from Cambridgeshire County Council in conjunction with the Department of Health and Social Security.

★

GEC INDUSTRIAL CONTROLS has received from Davy-Ashmore a contract valued at £136,000 for vacuum contactor starters and vacuum switchgear for a new 14 metre blast furnace to be built for the BSC strip mills division.

WALL STREET + OVERSEAS MARKETS +FOREIGN EXCHANGES

Early moderate losses: off 2.05

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 22.

MODERATE LOSSES developed on Wall Street to-day, when the Stock Market showed no apparent reaction to a 1.4 per cent. increase in U.S. Durable Goods orders in June.

Closing prices and market reports were not available for this edition.

By 1 p.m. the Dow Jones Industrial Average was down 2.05 to 987.39 and the NYSE All Common Index shed 7 cents to $55.43, while declines led advances by more than a six-to-five margin. Trading volume further decreased 840,000 shares to 8.71m., compared with 1 p.m. yesterday.

There was some belief that investors were marking time pending the release of weekly money supply figures, due after the close of the Stock Exchange.

Some issues with disappointing financial reports fell more than $1.

Eastman Kodak lost $2¾ to $96 on second quarter net earnings of 87 (81) cents per share. Some analysts were looking for net earnings of at least 95 cents a share.

Brokers add that the decline in Eastman Kodak weighed on the market generally.

Watkins-Johnson dropped another $1⅛ to $23⅞ on "sharply" lower earnings and its expectation *of lower 1976 profits.*

Pizza Hut fell $1⅛ to $28 — it is calling in some of its Debentures.

THE AMERICAN S.E. Market Value Index shed 0.09 to 104.71, while the turnover expanded 90,000 shares to 1.09m., compared with 1 p.m. yesterday.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Amer. Airlines	395,000	16	+⅛
Occidental Petrlm.	377,495	19½	+⅛
Pan Amer. Air.	264,400	6⅛	+⅛
Nat. Semiconductor	259,000	42⅛	−1½
Polaroid	173,200	38⅛	+⅛
Niagara Mohawk	170,300	13⅛	—
TWA	168,100	15⅛	+⅛
Unit Tech.	150,700	35⅛	−⅛
Dow Chemical	144,200	47⅛	+⅛
Seatrain Line	129,800	6⅛	−⅛

OTHER MARKETS

Canada lower

Canadian Stock Markets were broadly lower in light trading yesterday morning.

The Industrial Share Index slipped 0.62 to 187.90, Golds 0.64 to 255.96, Base Metals 0.10 to 92.56 and Western Oils 0.16 to 226.65.

Imperial Oil were down $⅛ to $23⅜ on 14,600 shares, reflecting its lower first half-year earnings.

PARIS—Mostly lower in calm and featureless End of Account trading. The French Bank Rate increase to 9.5 per cent. had little immediate effect.

Metals and Engineerings gained ground against the general trend, while Constructions, Electricals and Chemicals were mixed.

German and Dutch shares rose, Americans were weaker, while International Oils steadied. Golds and Coppers lost ground.

AMSTERDAM—Narrowly mixed in quiet trading.

Internationals gained ground.

Banks were narrowly mixed, while Insurances eased. Among Shipbuildings Holland-America Line Holding were down Fls.0.30, KNSM Group were up Fls.1, Van Ommeren off Fls.1 and Shipping Union up Fls.0.30. KLM advanced Fls.2.80.

Dutch Industrials were narrowly mixed.

Bonds eased.

BRUSSELS—Mixed in quiet trading.

Vielle Montagne rose Fr45 to 4365.

U.K. issues were firmer and Germans also rose, but French stocks fell. Golds recovered in line with London.

GERMANY—Mostly higher, with Stores scoring solid gains.

Karstadt added a further DM7 at 380, Kaufhof also advanced DM7 to 242, Horten were up DM2.50 to 171 and Neckermann DM1 to 97.50.

AEG were active and tacked on DM2 at 91.80.

Chemicals opened firm but turned mixed.

Machine Makers were strong and posted gains averaging DM3 to DM4. Banks also were quite firm, advancing an average DM2.

Metallgesellschaft, however, lost DM8.50 to 247. Otherwise, Metals were firm, as were Steels.

Fixed Interest Securities were quiet, although there was continued demand for high-yield Domestic Public Sector Bonds.

SWITZERLAND — Generally slightly higher in a restricted turnover.

Oerlikon-Buehrle Registered featured in mainly firmer Financials on strong demand and a good deal of forward trading.

Most major Banks improved, while Insurances posted small gains. Industrials were little changed in slack trading.

State-Bonds were quietly steady.

Dollar stocks were narrowly mixed, while Dutch Internationals and German stocks were generally steady.

COPENHAGEN — Mixed in moderate dealings.

OSLO—Banks and Industrials were steady, Insurances quiet, while Shippings were maintained.

VIENNA—Little changed in a light turnover.

MILAN—Broadly easier with operators cautious prior to details of the new Italian Government's programme.

ANIC dropped L184 to 662 after announcing capital restructuring plans. But Snia Viscosa were marginally higher.

Bonds were quiet.

JOHANNESBURG — Golds steadied after some morning losses. Trading was hesitant and volume small.

Financial Minings were generally easier. Other Metal sectors were steady.

TOKYO—Generally higher, led by Export-Orientated shares. Volume 130m. (same) shares.

Motors firmed on June's record vehicle output, with Toyota Motor up Y19 to 835, Nissan Y14 to 530 and Honda Motor Y12 to 707.

Electricals, Foods, Steels, Machinery, Oils, Textiles and Pharmaceuticals continued to advance.

Some Ceramics and Non Ferrous Metals also closed lower.

Renown fell Y23 to 636.

Matsushita Tsushin climbed Y120 to 1,780. Matsushita Electric Trading Y50 to 2,300, and Kyushu Matsushita Y40 to 1,060. But Matsushita Kotobuki lost Y50 to 1,900.

Nisshin Food were up Y90 to 1,390, Pioneer Y80 to 3,250, Makita Y60 to 1,990, Toyo Suisan Y40 to 682, Murata Y40 to 1,410, Sankyo Y37 to 800, and Aichi Machinery Y37 to 613.

HONG KONG—Higher, but turnover remained low.

Hong Kong Bank moved up 30 cents to $HK19.10, Hong Kong Land 5 cents to $HK6.85, Hutchison 7½ cents to $HK3.075, Wheelock "A" 5 cents to $HK12.45, Jardine 30 cents to $HK20.90, Swire Pacific "A" 10 cents to $HK9.20, Hong Kong Telephone 40 cents to $HK23.00 and Hong Kong and Kowloon Wharf 40 cents to $HK16.70.

AUSTRALIA—Irregular trend, with shareholders caught between an equal pressure of good and bad news.

The good news included an upturn in commodity prices and a Chamber of Commerce Survey of Business Confidence pointing to better times ahead.

The bad news included some dis*couraging housing figures and a* report from banks that their liquidity margin was at a low level.

Bundaberg advanced 10 cents to $A3.30 among Sugars, while Pioneer rose 14 cents to $A3.40 *but CSR lost 5 cents to $A3.30.*

Ocean Resources were again active and 1 cent up at 36 cents.

Among Energy stocks, AAR rose 1 cent to $A1.13 and Coal and Allied 1 cent to $A2.68.

In Tins, Renison fell 6 cents to $A6.64.

Pound easier

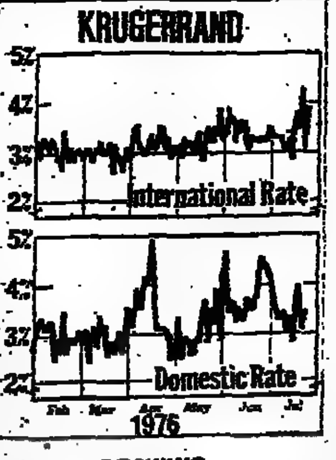
Sterling lost ground towards *the close in the* London foreign exchange market yesterday, but finished only 10 points lower against the U.S. dollar at $1.7830-$1.7840. Trading was fairly quiet for the most part, with the market awaiting the Government's announcement of *public spending* cuts. The pound opened at $1.7885-1.7895, but eased to $1.7840-1.7850, before holding steady at between $1.7860 and $1.7880 in the early afternoon.

Initial reaction to the level of public expenditure cuts was a little disappointing, but the market remains cautious and it is probably too early to say that an unfavourable view has been taken. The selling which *developed in the late afternoon* was mainly from the U.S. and after the London market had closed sterling continued to decline in New York.

The pound's trade-weighted average depreciation since the Washinton Currency Agreement, as calculated by the Bank of England, narrowed to 38.4 per cent. from *38.5 per cent., though* this may not take account of sterling's late weakness against the dollar. It also stood at 38.4 per cent. at noon and in early dealings.

The French franc remained weak, closing at Fr.Frs.4.9170 in terms of the dollar compared with Fr.Frs.4.9060 previously. Trading was quiet however and the Bank of France may have intervened at times. Bank rate in France has been raised by 1½ per cent. to 9½ per cent. *The franc's trade-*weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 0.56 per cent. from 0.39 per cent. The dollar's depreciation, on the same basis, narrowed to 1.86 per cent. from 1.93 per cent.

Gold fell $1⅛ to close at $111¼-$112. The krugerrand's premium over its gold content widened to 3.47 per cent. for domestic delivery, and to 3.92 per cent. in *the international market, from the* previous common level of 3.09 per cent.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	July 21	July 20
Sterling	0.641416	0.642677
U.S. dollar	[illegible]	1.14313
Belgian franc	—	45.4766
Deutschemark	2.94651	2.94505
French franc	5.61125	5.60934
Italian lire	955.983	956.000
Japanese yen	335.852	335.280
Dutch guilder	3.12753	3.12760
Swedish krona	5.11634	5.11674
Swiss franc	2.84794	2.83648

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

July 22	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfu't	—	2.5765-75	52.25-30	6.465-475	4.600-605	94.20-25	1.0300-10
N. York*	38.82-84	—	20.32-35	2.0133-63	1.7855-7858	36.57-59	40.44-45
Paris	191.05-425	4.9162-9172	—	12.3525-3775	8.764-8786	180.0-43	197.30-75
Brussels	15.45-48	39.75-79	8.08-10	—	71.0-15	14.55-58	15.94-97
London	4.59½-60½	1.783-784	8.76½-77½	70.90-71.10	—	4.81½-82½	4.47-48
Am'rd'm	106.145-195	2.7022-47	55.50-55.56	6.615-25	4.822-75	—	109.705-55
Zurich	97.05-15	2.5017-32	50.84-91	6.2875-95	4.4640-85	91.44-52	—

U.S. $ in Montreal. U.S. $=97.58-62 Canadian cents.
Canadian $ in New York. C$=102.72-75 U.S. cents. U.S. $ in Milan 836.30-40.
Sterling in Milan 1,492.80-93.80. *Rates for July 21

EURO-CURRENCY INTEREST RATES*

July 22 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	12-12½	5-5⅛	5⅛-5⅝	7¼-7½	4⅜-4⅝	2¼-2⅝
7 days notice	12-12½	5-5¼	[illegible]	7¼-7½	4⅜-4⅝	2½-3
Month	12⅛-12⅝	5¼-5⅜	[illegible]	[illegible]	4½-4⅝	[illegible]
Three months	13⅛-13⅝	5⅝-5⅞	[illegible]	[illegible]	4⅝-4⅞	[illegible]
Six months	13¼-13¾	5⅞-6⅛	[illegible]	[illegible]	[illegible]	2⅞-3¼
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rate: two-day 9½-9½ per cent.; seven-day 9½-9¾ per cent.; one-month 11½-12 per cent.; three-month 11½-12 per cent.; six-month 11½-11⅞ per cent.; one-year 11⅛-11⅝ per cent.

Longer-term Eurodollar deposits: two years 8⅛-8⅝ per cent.; three years [illegible] per cent.; four years 8⅛-8⅝ per cent.; five years 8⅝-8⅞ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 5⅜-5½ per cent.; three-month 5[11/16]-5[13/16] per cent.; six-month 6-6⅛ per cent.; one year 6[13/16]-6[15/16] per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

	July 22
Gold Bullion (a fine ounce)	
Close	$111¼-112
Opening	$112-113
Morning fix'g	$111.25 (£62.269)
Afternoon fix'g	$111.75 (£62.493)
Gold Coins domestically	
Krugerrand	$114¼-116¼ (£64¼-65¼)
New Sov'r'gns	$40¼-42¼ (£22½-23½)
Old Sov'r'gns	$39-41 (£22-23)
Gold Coins (Intern'nally)	
Krugerrand	$115-117 (£64¼-65¼)
New Sov'r'gns	$40¼-42¼ (£22½-23½)
Old Sov'r'gns	$34¼-36¼ (£19¼-20¼)
$20 Eagles	$182-186
$10 Eagles	$93½-98½
$5 Eagles	$53-58

FOREIGN EXCHANGES

July 22 1976	Bank Rate %	Day's Spread
New York	5½	1.7835-1.7895
Montreal	9½	1.7385-1.7455
Amsterdam	6	4.87-4.90
Brussels	7	70.90-71.10
Copenh'gen	8½	11.03-11.06
Frankfurt	3½	4.58½-4.60½
Lisbon	5½	55.60-56.40
Madrid	7	121.60-121.95
Milan	12	1,490-1,496
Oslo	6	9.87½-9.90
Paris	9½	8.76-8.81
Stockholm	6	7.80-7.81
Tokyo	6½	520-530
Vienna	4	31.60-32.00
Zurich	2	4.44-4.49

* Basic discount. § Rates given for convertible francs. financial [illegible] 72.30

OTHER MARKETS

◆Argent'na	258.60-259.20
Australia	1.4680-1.4621
Brazil	18.11-18.51
Finland	6.86-6.94
Greece	64.578-66.293
Hong Kong	8.787-8.7975
Iran	125-126
Kuwait	0.517-0.527
Luxemb'rg	70.90-71.10
Malaysia	4.4670-4.4770
N. Zealand	1.7884-1.8005
Saudi Arab.	6.21-6.31
Singapore	4.4185-4.4515
S. Africa	1.5488-1.5585
U.S.	—
Canada	—
C$1— U.S. cents	102.54-102.87

Notes: Argentina, Austria, Belgium, Brazil, Canada, Denmark, France, Germany, Greece, Italy, Japan, Netherl., Norway, Portugal, Spain, Switz'la, U.S., Yugosla [illegible]

* Basic discount. † Given [illegible] dealers. ◆ Rate given is [illegible] BCRA rate 465.35-465.45.

FORWARD RATES

	One Month
New York	1.15-1.05 c. pm
Montreal	0.55-0.45 c. pm
Amst'dam	2½-1½ c. pm
Brussels	25-5 c. pm
Cop'nhg'n	2¾-1¾ ore pm
Frankfurt	3¼-2¼ pf. pm
Lisbon	60-150 c. dis
Madrid	70-120 c. dis
Milan	2-10 lire dis
Oslo	3¼-2¼ ore pm
Paris	1½-½ c. pm
Stockh'lm	3¼-1¾ ore pm
Vienna	40-20 gro pm
Zurich	4¼-3¼ c. pm

Six-month forward U.S. dollar [illegible] pm and 12-month 10.50-10.40c [illegible]

Indices

NEW YORK —DOW JONES

	July 21	July 20	July 19	July 16	July 15	July 14	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	989.44	989.25	990.35	995.21	997.40	1005.16	1,011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
HomeB'nds*	88.80	88.79	88.79	88.77	88.88	88.79	88.99 (15/7)	85.68 (13/7)	—	—
Transport	228.42	225.88	227.59	228.67	228.66	231.27	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	90.76	90.87	90.71	90.55	90.87	90.91	91.90 (4/2)	84.9 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	18,550	18,310	18,900	23,480	23,480	23,240	—	—	—	—

* Basis of index changed from July 1.

	July 16	July 9	July 2	Year ago (approx.)
Ind. div. yield %	3.85	3.79	3.80	4.48

STANDARD AND POORS

	July 21	July 20	July 19	July 16	July 15	July 14	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	118.50	118.37	117.84	117.48	118.12	119.02	119.82 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	105.82	105.72	104.29	104.68	105.20	105.95	105.95 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	July 15	July 8	July 1	Year ago (approx.)
Ind. div. yield %	3.30	3.35	3.34	3.60
Ind. P/E Ratio	13.05	12.85	12.62	11.57
Long Govt. Bond yield	6.60	6.67	6.68	6.75

N.Y.S.E. ALL COMMON

July 21	July 20	July 19	July 16	1976 High	1976 Low
55.58	55.42	55.75	55.84	56.54 (12/7/76)	37.06 (2/1/75)

Rises and Falls	July 21
Issues Traded	1,846
Up	733
Down	685
Same	460
New Highs	46
New Lows	11

	July 21	July 20	July 19	July 16	1976 High	1976 Low
MONTREAL Industrial	196.35	195.86	197.76	197.91	207.55 (19/5)	175.62 (2/1)
MONTREAL Combined	189.84	190.63	191.78	191.52	199.78 (20/5)	175.87 (2/1)
TORONTO Industrial	189.82	189.64	189.79	189.04	197.48 (20/2)	178.91 (2/1)
JOHANNESBURG Gold	175.6	167.9	161.7	169.0	229.7 (12/3)	157.8 (20/7)
JOHANNESBURG Industrials	202.5	201.8	203.0	204.1	215.8 (21/5)	195.6 (6/4)

	July 21	Previous	1976 High	1976 Low
Australia (a)	495.15	495.56	497.14 (16/7)	440.32 (6/1)
Belgium (b)	101.06	(c)	115.16 (6/2)	97.65 (8/6)
Denmark (d)	113.20	113.88	115.20 (22/7)	100.30 (10/5)
France (e)	63.9	63.0	74.3 (3/3)	62.7 (16/7)
Germany (f)	753.2	749.6	821.7 (17/5)	735.0 (25/6)
Holland (g)	92.1	91.9	106.3 (6/2)	89.8 (29/6)
Hongkong (h)	407.32	402.74	460.33 (17/3)	364.53 (2/1)
Italy (k)	86.77	87.63	91.31 (25/2)	72.20 (14/5)
Japan (m)	349.76	346.11	357.80 (20/5)	326.12 (5/1)
Singapore (n)	267.42	267.11	289.14 (3/3)	234.35 (2/1)
Spain (p)	89.72	89.87	102.78 (7/5)	83.43 (1/4)
Sweden (q)	462.29	463.76	476.56 (10/6)	385.36 (19/1)
Switz'rl'd (r)	280.2	280.2	296.8 (12/5)	275.5 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10: (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—105% (104%)

NEW YORK

Stock	July 21	July 20
Abbot Labs.	47⅛	47¼
Addressograph	10⅜	10⅛
Aetna Life & Cas.	29	29
Air Products	74⅜	76⅜
Amco	[illegible]	55
Alcan Aluminium	28	28¼
Alcoa	55⅛	56⅛
Allegheny Ludlm.	39¾	40⅛
Allegheny Power	18	18¼
Allied Chemical	38	38
Allied Stores	48⅛	48⅜
Allis Chalmers	25⅛	26⅛
Amax	57⅞	58⅛
Amerada Hess	22⅜	22⅞
Amer. Airlines	16⅛	15⅛
Amer. Brands	41	40¾
Amer. Broadcast.	38⅞	37
Amer. Can	38¼	38⅜
Amer. Cyanamid	24¾	24⅜
Amer. Elec. Powr.	22⅜	22⅜
Amer'n Express	49⅝	49⅛
Amer. Home Prod.	34¾	34¾
Amer. Medical	9⅛	9⅛
Amer. Motors	4¾	4⅝
Amer. Nat. Gas	38⅞	38⅝
Amer. Standard	26	25¾
American Stores	30¼	30⅛
Amer. Tel. & Tel.	56⅞	56⅞
AMF	21¼	21¼
Ampex	9¼	9⅛
Anaconda	27⅜	27⅜
Anchor Hocking	31⅜	31⅜
Anheuser Busch	29⅛	30¾
Armco Steel	32⅜	32⅜
A.S.A.	20⅛	19⅞
Asamera Oil	10	11¾
Asarco	17¼	17⅛
Ashland Oil	27⅛	27⅛
Atl. Richfield	99¼	98¼
AVC	12	12
Avco	15	15¼
Avis	9⅛	9⅛
Avon Products	44⅜	44
Balt. Gas Elect.	24	24⅛
Bank America	35⅛	35⅜
[illegible]	[illegible]	[illegible]

Stock	July 21	July 20
Corning Glass	75⅜	74⅛
CPC Int'nation'l	47¼	46⅛
Crane	32	32⅜
Crocker Nat.	25⅛	26
Crown Zellerbach	41	40⅜
Cummins Engine	38¼	38⅛
Curtiss-Wright	15	14⅞
Dana	26¼	26⅞
Dart Industries	33¾	34¾
Deere	86⅛	86
Del Monte	28⅞	28⅛
Deltona	4⅛	4¼
Detroit Edison	14⅛	14
Diamond Shamrk	77⅞	77⅛
Dictaphone	9¼	9⅛
Digital Equip.	171¼	170¾
Disney Walt	50⅜	51
Dover Corpn.	67	67
Dow Chemical	47¾	47¼
Dresser	42¼	42¼
Du Pont	135¼	135¼
Dymo Industries	9⅜	9⅜
Eagle Picher	28⅛	27¾
East Air Lines	10⅜	10¼
Eastman Kodak	95⅜	98⅜
Eaton	44	44⅛
E G & G	18⅜	18⅜
El Paso Nat. Gas	15⅛	14¾
Eltra	29¼	29⅜
Emery Air Fr'ght	43⅛	43⅜
Emhart	34⅞	35
E.M.I.	4	4
Engelhard Min.	38	38¼
Esmark	32⅛	32⅛
Ethyl	41	40⅜
Exxon	105⅜	104⅞
Fairchild Camera	47⅛	47¼
Fed. Dept. Stores	47⅜	46¼
Firestone Tire	25⅛	23⅜
Fst. Nat. Boston	26⅛	25⅜
Flexi-Van	11⅜	11⅜
Flintkote	18⅛	18⅛
Florida Power	27¼	27⅛
Fluor	42¾	42¾
F.M.C.	23⅛	23⅛
Ford Motor	56⅜	56⅜
[illegible]	[illegible]	[illegible]

Stock	July 21	July 20
Johns Manville	30¾	30¾
Johnson Johnson	87	86⅞
Johnson Control	22¼	22¼
Joy Manufactur'g	47⅛	47¼
Kaiser Alumin'm	38⅛	38⅛
Kaiser Industries	14¾	14¾
Kaiser Steel	39⅛	†39⅛
Kay	4	4
Kennecott	34¼	34⅜
Kerr McGee	76⅜	76¾
Kidde Walter	30¼	29⅞
Kimberly Clark	41¾	40⅜
Koppers	36¾	36⅞
Kraftco	46¼	46⅜
Kresge	36⅞	36⅜
Kroger Co.	22⅛	21¾
Levi Strauss	42	41⅞
Libbey Ow. Ford	31	31¾
Liggett Group	33¾	33¼
Lilly (Eli)	62¼	61⅛
Litton Indust.	16	16¼
Lockheed Aircraft	11	10¾
Lone Star Inds.	16⅜	16⅛
Long Island Ltg.	17	17⅛
Louisiana Land	28⅛	28⅜
Lubrizol	41⅜	41⅜
Lucky Stores	15	14¾
L'kes Youngst'wn	20⅛	20¾
Mac Millan	6⅜	6⅜
Macy R.H.	29⅛	29¾
Mfrs Hanover	37⅛	37⅛
Mapco	39⅜	39⅛
Marathon Oil	64¾	64⅛
Marine Midland	10¾	10¾
Marshall Field	18⅜	18⅜
May Dept. Stores	32⅛	32
MCA	32	32⅛
McDermott	48	48¼
McDonnell Doug.	22⅜	22⅜
McGraw Hill	14⅞	15
Merck	70⅛	70¾
Merrill Lynch	25	24¾
MGM	13⅞	13¾
Minn Ming & Mfg	58⅛	58¾
Mobil Corp.	59	59¼
Monsanto	90¾	90¼
Morgan J. P.	58⅜	58⅞
[illegible]	[illegible]	[illegible]

Stock	July 21	July 20
Republic Steel	37	37⅛
Revlon	[illegible]	[illegible]
Reynolds Metals	[illegible]	[illegible]
Reynolds R. J.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Stock	July 21	July 20
Zenith Radio	[illegible]	[illegible]
Chile 5% 1995	[illegible]	[illegible]
U.S. Treas. 4¼% 1980	[illegible]	[illegible]
U.S. Treas. 4% 80	[illegible]	[illegible]
U.S. 90-day bills	5.21%	5.22

CANADA

Stock	July 21	July 20
[illegible]	[illegible]	[illegible]

GERMANY ◆

July 22	Price Dm.	+ or −	Div.	Yld. %
A.E.G.	91.8	+2	—	—
Allianz Versich.	428	+4	18	2.1
B.M.W.	243.9	+0.9	18	3.8
B.A.S.F.	161.5xd	+0.6	14	4.3
Bayer	152	+0.6	17	6.1
Bayer Hypo	276	+2	20	3.7
Bayer Vereinsbk.	279	+3.5	20	3.1
Commerzbank	185.5	+2.1	18	4.7
Conti. Gummi	82.5	+2.5	—	—
Daimler	342.5	+1.5	17	2.5
Degussa	257	+4	15	3.7
Demag	162.4	+0.9	—	—
Deutsche Bank	290	+1.9	20	3.4
Dresdner Bank	215.5	+1.9	20	4.7
Dyckerhoff Zem't.	153	+1	6	2.0
Gutehoffnung	187	+3	14	3.8
Hapag Lloyd	124.5	......	12	4.8
Harpener (Dm100)	148.0xd	......	8	5.3
Hoechst	141	+0.8	14	4.9
Hoesch	57.2	+0.2	—	—
Kali Salz (Dm50)	106	−1	7	3.3
Karstadt	380	+7	20	2.7
Kaufhof	242	+7	20	4.3
Kloeckner (Dm100)	116	......	—	—
Klock Humbolt	161xd	+6.5	10	3.2
Krupp Prf Dm100	115.1	......	—	—
Kundencredit Bk.	270	+2	20	3.3
Linde	305	+3.5	16	3.9
Lowenbrau DM100	1,820	−50	20	1.1
Lufthansa	96.5xd	+2.2	4	2.0
M.A.N.	165	+0.5	12	3.6
M'esmann Dm 100	365	+0.5	14	3.9
Metallges'lschaft	247	−8.5	10	—
Munch. Ruckvers	456	......	18	2.0
Neckermann	97.5	+1	—	—
Preussag Dm. 100	150	+2	7	5.0
Rhein West Elect.	188.5	−0.5	17	5.0
Schering	355	+3	20	2.9
Siemens	295	+0.9	16	2.4
Sudzucker	273	+1	19	3.5
Thyssen	126.7	+1.3	14	5.5
Verein & WestBk	311	+1	20	2.9

PARIS

July 22	Price Frs.	+ or −	Div. Frs.	Yld. %
Afrique Occid't'le	395	−7	19.8	5.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

July 22	Price Fls.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

July 22	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	720	−40	—	—
ANIC	662	−184	—	—
Anonia Fin.	3,606	−46	190	5.5
Bastogi	1,197	−12.5	70	5.8
Breda	2,290	−61	155	6.5
Burgo	9,620	+20	200	2.0
Centrale	7,005	−145	—	—
CIGA	2,350	−149	—	—
Cucirini	4,720	−130	225	4.8
Dalmine	685	−5	75	1.1
Erba	2,600	+80	—	—
Fiat	1,769	−17	100	5.6
Do. Priv.	1,102	−26	100	0.9
Finsider	283	+5	40	14.5
Generali	44,400xd	−300	400	11.4
InvestB.	2,300	+6	80	3.5
Italcementi	21,330	−120	300	1.7
Italgas	680	−6	—	—
Italsider	435	−9	60	1.4
La Centrale	6,800	+350	350	—
Marelli Ercole	461	−8	—	—
Mediobanca	71,400	−100	1,200	1.5
Mondadori Priv.	1,070	−10	120	10.9
Montedison	514.75	+9.75	—	—
Motta	989	−1	—	—
Olivetti Priv.	1,110	−28	70	6.3
Pirelli & C.	1,590	−60	110	6.9
Pirelli Spa.	1,190	−50	50	9.2
RAS	78,000	−350	600	0.8
Rinascenti	67	−1.75	—	—
Rumianca	1,910	−5	—	—
S.A.P.F.A.	6,500	+90	200	3.1
S.T.E.T.	1,725xd	......	160	0.9
Snia Viscosa	1,534	+4	—	—
Soc. Gen. Immob.	162.25	+2.60	—	—

BRUSSELS/LUXEMBOURG

July 22	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	4,155	−40	150	3.6
BBL Bq Brx Lamb	1,760	+5	40	2.3
Bekaert "B"	2,100	......	105	5.0
CBL (CieBrLamb)	1,980	+10	110	5.5
C.B.R. Cement	1,635	−5	75	9.4
Cockerill	530	−6	—	—
E.B.E.S.	2,070	−15	161	7.7
Electrobel	5,800	−5	400	6.9
Fabrique Nat.	1,950	−20	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND*

July 21	Price Fra.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN

July 22	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

July 22	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

July 22	Aust. $	+ or −
Arrow Australia	†0.70	......
Adelaide Brighton Cemt 50c	†1.24	+0.01
Allied Mnfg. Trdg. Indus. $1	†1.26	−0.01
Ampol Exploration	†1.16	+0.04
Ampol Petroleum	†0.70	−0.02
Assoc. Minerals	†3.60	......
Assoc. Pulp Paper $1	†0.95	+0.05
Aust. Con. Industries	†1.71	......
Aust. Foundation Invest.	†0.95	......
A.N.I.	†1.13	−0.02
Aust. Oil & Gas	†0.13	−0.01
Blue Metal Ind.	†1.08	−0.05
Bougainville Copper	†1.56	−0.04
Broken Hill Proprietary	†8.28	+0.02
BH. South	†2.25	−0.05
Carlton United Brewery	†2.00	−0.02
G. J. Coles	†1.55	......
CSR ($1)	†5.30	−0.05
Cons. Goldfields Aust.	†5.0	......
Container ($1)	†1.55	−0.02
Conzinc Riotinto	†3.50	......
Costain Australia (25c)	†2.06	+0.02
Dunlop Rubber ($1)	†1.12	......
ESCOR	†0.65	−0.05
Elder-Smith ($1)	†2.20	......
E.Z. Industries	†3.85	......
F. & I. (20c)	†0.86	+0.02
Gen. Property Trust	†1.27	......
Hamersley	†2.40	......
Hooker	†1.04	......
I.C.I. Australia	†1.96	......
I.A.C. Holdings	†0.92	......
Inter-Copper	†0.31	......
Jennings Industries	†1.70	+0.04
Jones (David)	†1.15	−0.03
Metals Exploration	†0.75	+0.02
MIM Holdings	†2.60	−0.02
Myer Emporium	†2.40	+0.02
News	†2.20	+0.05
Nicholas International	†0.72	......
North Broken Hill	†1.98	−0.05
Oakbridge	†0.99	−0.01
Oil Search	†0.15	......
Pioneer Concrete	†1.16	+0.01
Reckitt & Colman	†3.70	−0.05
H. C. Sleigh	†0.65	+0.01
Southland Mining	†0.43	−0.01
Stocks & Holdings	†3.25	......
Tooth ($1)	†1.72	......
Waltons	†1.10	......
Western Mining (50 cents)	†1.95	+0.05
Woolworths	[illegible]	[illegible]

TOKYO ¶

July 22	Prices Yen	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Nikko Securities, Tokyo

STOCKHOLM

July 22	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

July 22	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

MINES

July 22
Anglo American Corpn.
Charter Consolidated
East Driefontein
Elsburg
Harmony
Kinross
Kloof
Potgietersrust Platinum
St. Helena
South Vaal
Gold Fields SA
Union Corporation
De Beers Deferred
Blyvooruitzicht
East Rand Pty.
Free State Geduld
President Brand
Stilfontein
Welkom
West Driefontein
Western Holdings
Western Deep

INDUSTRIALS

African Explos. and Chem.
Anglo-Amer. Industrial
Anglo-Transvaal Industries
Associated Furniture
Barlow Rand
CNA Investments
Currie Finance
De Beers Industrial
Edgars Consolidated Inv.
Edgars Stores
Ever Ready SA
Federale Volksbeleggings
Glen Anil Development
Greatermans Stores
Guardian Assurance (SA)
Huletts
LTA
Nedbank
OK Bazaars
Ovenstone Investments
Premier Milling
Pretoria Cement
Protea Holdings
Rand Mines Properties
Rembrandt Group
Sage Holdings
SAPPI
C. G. Smith Sugar
Sorec
SA Breweries
Tiger Oats and Nat. Milling
Unisec

SPAIN ▼

July 22	Per cent.	+ or −
[illegible]	[illegible]	[illegible]

NOTES: Overseas prices [illegible] [illegible]

FARMING AND RAW MATERIALS

French beet crop figure increased

PARIS, July 22.

FRENCH SUGAR production this year is now estimated at around ... tonnes compared with last month's forecast of 1.8m., a French Beet Planters' Association spokesman said.

He told Reuters it was still too early to assess accurately the full effects of recent rainfall, but if all conditions materialised, the crop could produce over 2.5m. tonnes.

However, this would still be down on last year's 2.97m. tonnes and the average yield of ... tonnes, he added.

Beet yield per hectare this year will be between 22 and 30 tonnes, against the average 45 tonnes.

Although the rain has eased the situation considerably over the past few days, the 1976 crop would not be a good one, he said.

Meanwhile in Ratzeburg Germany, statisticians F. O. Licht estimated world sugar production in 1975-76 at 82,744,000 tonnes against 81,727,000 tonnes in his last estimate and 80,302,000 tonnes produced in 1974-75.

Peru's anchovy fleet to be denationalised

LIMA, July 22.

PERU'S ANCHOVY fishing fleet, nationalised by the Military Government three years ago, will be sold back to private owners, according to an official decree.

The decree, approved at the first meeting of a newly formed Cabinet, signifies a major change in the policy of the military which has ruled this country since 1968.

The fleet of 800 trawlers was expropriated in May, 1973, by former President Juan Velasco Alvarado, as part of a programme to nationalise major industries.

Under the new regulations for the anchovy industry, the State fishing company, Pescaperu, will remain responsible for all processing plants.

SUMATRA PALM OIL PROJECT

JAKARTA, July 22.

Indonesia's Development Bank and Import-Export Bank have granted a Rupiah 6,050m. (£8.2m.) loan to set up the first stage of a palm oil processing plant in North Sumatra, Antara News Agency announced here to-day.

The plant, in Sungai Silau, will have an initial capacity of 30 tonnes of palm fruit an hour when it goes into production in ..., rising to 60 tonnes when the second stage is completed.

'Green pound' devaluation urged by dairy farmers

BY PETER BULLEN

MILK PRODUCERS called for a devaluation of the EEC's "Green pound" at the Milk Marketing Board's annual meeting in London yesterday.

Sir Richard Trebane, the Board's chairman, said although there were only two transitional price steps remaining before the U.K. had full Community membership, the operation of the "Green pound" meant the price gap between U.K. producers and those in most other member-States was actually wider now by up to 10p a gallon than it was at the beginning of the five-year transition period.

It was quite unacceptable to the Board to continue indefinitely to allow an ever-widening gap within a Community whose main purpose was to establish parity of trading opportunity between all its producers, he said.

"Parity of price and opportunity is our first priority," he said. But he added: "We cannot, of course, argue for this parity on one hand and then ask to opt out of Community problems on the other."

The MMB and the National Farmers' Union had indicated acceptance of a general levy on producers as a form of financial coresponsibility for disposing of the EEC's mounting dairy surpluses. This was conditional on some better understanding on the "Green pound" issue, an agreed plan for movement towards parity, and an abatement of the levy to recognise the substantial contribution being made by U.K. producers to promote sales.

Sir Richard Trebane

No one should lose sight of the fact that because of the special position of milk production and marketing in the U.K. in the past, British producers had not contributed to the EEC dairy products surplus, he stressed.

The existence of the EEC's surpluses must not be made the excuse for impeding structural adjustment and regional specialisation in agriculture. The U.K. was an area of the EEC where milk production expansion must be encouraged he said.

From the U.K. viewpoint, the import saving case for expanding home milk output became stronger each year. In 1975, dairy imports cost the U.K. over £500m., mainly from other Community members. Because of an extra 40,000 tons of butter being produced in Britain the net import bill in the current year would be cut by £100m.

"From the point of view, therefore, of strengthening the U.K. economy as a whole—an important matter for general improvement of the Community's prosperity—expansion of the dairy industry in the U.K. has an important part to play," he said.

Japan likely to need more metal

TOKYO, July 22.

JAPANESE home demand for electrolytic copper is expected to rise to 1.37m. tonnes in 1980 from 850,000 tonnes last year according to an Industrial Structure Council survey report published here to-day.

The report said imports of copper ore and refined copper in 1980 would rise to 1.13m. tonnes (in terms of electrolytic) from 1975's 810,000.

Domestic copper ore output is expected to increase to 240,000 tonnes from 180,000.

Demand for lead is also likely to rise, reaching 300,000 tonnes in 1980 from 210,000 in 1975. Zinc demand in 1980 is put at 1.12m. tonnes from 590,000 last year.

Japan's dependence on foreign non-ferrous metal resources—especially refined metals—will increase further in the future, the report claims. Expansion of domestic refining capacity is not expected to be at a higher pace than in the past in view of the rising labour costs and growing public criticism over pollution.

Copper imports are forecast to represent 84 per cent. of total Japanese supply in 1980. Last year the proportion was 78.3 per cent. The comparable figure for lead is put at 68 per cent (25.4 per cent. last year) and that for zinc at 84 per cent. (82.9 per cent.).

The Ministry of International Trade and Industry said Japan produced 820,000 tonnes of electro copper, 200,000 tonnes of lead ingot and 700,000 tonnes of refined zinc in 1975. It imported 150,000 tonnes of refined copper and 20,000 tonnes each of lead and zinc ingot.

Reuter

World silver stocks fall

WASHINGTON, July 22.

WORLD REFINED silver stocks dropped by 2.57m. troy ounces in June following a decline of nearly 2m. in May, U.S. Silver Institute statistics show.

U.S. refiners' stocks increased 194,285 ounces in June to 8,242,189 ounces but stocks in foreign countries participating in the Institute's statistical programme fell by 2.77m. ounces to 4,706,575 ounces.

Last month U.S. refiners produced 12,632,734 ounces of silver and disposed of 12,438,469 ounces, while foreign refiners produced 7,440,610 ounces and disposed of 10,209,831 ounces.

During the first six months of this year U.S. refiners produced silver at a monthly rate of 12.2m. ounces against 13.8m. in the same period last year but their monthly disposal rate averaged 12.1m. ounces against 14m.

Foreign refiners produced silver at a monthly rate of 10.3m. ounces in January-June (10.1m.) while their monthly disposal rate was 10.4m. (10.7m.).

Zinc market speculation curb lifted

By Richard Mooney

THE LONDON Metal Exchange has told its members that the Bank of England-inspired limitations on speculative trading in zinc have been lifted. It is understood that the Bank is now satisfied with the zinc trading situation.

When the restrictions were originally announced in May this year trade reaction was not confined to the zinc market—although it was naturally strongest there. Suspicion that the move might be the forerunner of an attempt to control commodity speculation in general brought falls in most other metal and commodity futures.

This concern was only partly relieved when in June the Bank was quick to deny a report that it planned to set fixed upper limits for speculative trading in all markets. But the growing impression that the Bank had no far-reaching plans for commodity trading control was reinforced earlier this week when in its annual report it said investigations had revealed that there was no cause for "official concern."

Yesterday's announcement initially added a few pounds to the zinc price, but the gain was quickly wiped out. Whether this will prove to be the measure of the zinc market's reaction remains to be seen, however.

Zinc closed lower yesterday, in line with other metals, the cash quotation losing £0.5 on the day to £434.25 a tonne. In generally quiet conditions cash copper wirebars fell £11.5 to £904.5 a tonne, cash tin £15 to £4,780 a tonne, and cash lead £5.5 to £286 a tonne.

Coffee price moderation forecast

NEW YORK, July 22.

GENERAL FOODS is looking for some moderation of world coffee prices over the next year or so, Mr. James Ferguson, the chairman, told the company's annual meeting here to-day.

He said that this assumed that last year's coffee crop became available on the market and that the danger of another Brazilian frost in coffee growing areas passed.

For the next few years General Foods expected supplies to remain tight, and green coffee prices relatively high. In the long term, it expected that world stocks would be rebuilt and prices gradually moderate, he said.

Reuter

SPRING BARLEY HARVEST

Hardly good enough for the pigs

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MY OWN HARVEST started on July 9, when I began to combine a field of spring barley. Work was rained off, and started again on July 12.

This broke several records. It was the earliest date I had ever started with any spring sown variety. It had looked my best crop throughout the growing season but produced the worst sample I have ever seen. The grain was so thin that in a normal year it would have been classed as second or third quality.

The bushel weight, what might be called the density, instead of being 56 lbs. to the bushel was down to something in the mid-40s. This last is only a guess, because I have no weighing system in my drier, but from what neighbours with similar samples tell me this must have been the figure. Of the yield I have as yet no idea—it would only upset me if I did.

It is normally a malting variety, but I have not shown it to any maltser and even my pigman says the pigs don't greatly care for it when ground for them. However they will have to eat the meal it makes and if the extra fibre in it does anything it should stop them getting too fat. It is being mixed with better barley—fortunately I have this outlet.

Heatwave

What happened was simply that the crop died during the heatwave of the last week in June and the first few days of July. I had heard of this on light soils before, but this was the first time I had experienced it myself.

Normally the grain will fill and mature from the sap contained in the leaves and the awns—the spikes on every grain. I had noticed aphids on these some time ago, but had taken no action because no one had ever sprayed barley for aphids. The plants must have been so dessicated by the heat and drought that they just gave up the ghost. A late attack of mildew was the last straw.

The next field was even worse, but in this case it was expected. The plant was thick enough, but for some reason this particular field caught the drought very badly early on and the ears emerged at the end of May—a good two or three weeks sooner than normal—and simply did not grow any more. The yield will be less than a ton an acre, but the quality of the grain and bushel weight was much better than the first lot.

From now on things should improve as ripening has been delayed, and the grain coming in is also showing signs of improvement. But whether it will make a malting sample is very much open to question. What I have left is principally a variety used for feeding at which maltsters turn up their noses in a normal year, although if most other varieties are proving too thin they may be forced to buy mine.

I am encouraged in this respect because at a market this week I saw some dreadful barleys which merchants said they hoped to sell for malting, samples which another year would have been laughed out of the corn exchange. This is the whole point about malting barley, it depends in the last resort not on the quality but on how badly the maltsters need it.

Disappointing

According to rumour—and that is about all there is to go on—spring barleys in the southern areas are very poor and very high in nitrogen. Further north crops are better. Winter malting barley in East Anglia is quite good, but limited in supply. So the maltsters may have to face a heavy carriage bill to bring barley south, or make the best of what is available.

The barley harvest is especially disappointing to me as I had thought, and in fact said how much better than last year my barley and most heavy land barley was than last year in an article on July 3. I may say I have been at the receiving end of not a few complaints for complacency from farmers who were already suffering from the drought.

But these complaints were from districts where as I pointed out at the time, things were already bad. I still think that my barley yields could end up better than last year's because it was so bad then. But it will be nothing like as good as it might have been had there been a normal season.

I still think autumn sown wheat will be the crop of the year, and I will start combining mine next week—a good three weeks earlier than normal. Some are saying that on the basis of rubbed-out samples the wheat is also pinched and not likely to yield too well. Mine I must say is not too bad and spraying may have prevented the depredations of aphids.

There is also a plus point in the season, in that the drought appears to have prevented the spread of rust which was noted about a month ago.

Another feature of the harvest so far has been the dryness of the grain. One afternoon barley was coming in from the field at 10 per cent. moisture, so it should have been possible to add — if only one knew how—six tons of water to every 100 tons of grain and still be within the permitted moisture levels.

Like Australia

I have no potatoes or sugar beet, but the rain of the past week (we have had an inch altogether in two storms) has certainly greened-up the pastures which were looking too much like Australia for my comfort.

Until a fortnight ago, the lambs had been doing surprisingly well, and I had sold more by mid-July than ever before. Since then things have changed, and they lost condition very rapidly. They still look very well in the wool, but once you handle them you find that much of what is loosely called "condition" has melted away so I have stopped selling.

I had been feeding the ewes for a week or two with hay but they have stopped taking it now, and many dairy farmers have had to start feeding hay and silage but it does appear that the storms over the past week or so could make this unnecessary before too long. In any case the fodder situation must be fairly good, as there is a very slow demand for straw compared with last year.

If there is any lesson to be learned from the drought it is that if the south of England is going to enjoy these sort of Continental summers, we will have to do what the Europeans do, that is grow mainly autumn sown crops which do not suffer like spring ones. And in my case, lamb all my ewes early so that the lambs are gone before the grass gives out. If only we knew what was going to happen!

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Turned easier on the London Metal Exchange. Prices were initially [illegible] in pre-market dealings [illegible] the trend in Comex overnight. [illegible] metal opened at £947 but fell [illegible] £941 owing to speculative liquidation and short-selling before rallying to £947 owing to covering purchases and fresh interest prompted by the lower levels. Subsequently, fresh selling and profit-taking caused the price to retreat to £935 before it ended at £939.5 on the afternoon Kerb. The easier opening of Comex was also a dampening influence. Turnover, 12,206 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £905.5, 05, late October £941, three months £945, 44, 45, 42, 41, 41.5, 42. Cathodes, cash £897, 98, 99, three months £929, 28. Kerb: Three months £944, 43.5, 43. Afternoon: Wirebars, late October £939, three months £941, 40, 40.5, 40, 39, 38, 37.5, 38. Cathodes: Cash £894, three months £927, 28. Kerb: Three months £937.5, 40, 40.5, 41, 40.

TIN—Fell away. Reflecting the decline in the Penang market overnight, forward standard metal opened the day at £4,830 but rallied modestly helped by physical demand to end at £4,650 on the afternoon Kerb. Turnover 1,300 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	4782-5	—4	4778-82	—15
3 months	4850-5	—27.5	4858-62	—17.5
Settlem't	4785	—5		......
Standard				
Cash	4778-80	—8.5	4778-82	—15
3 months	4840-2	—28.5	4848-52	—17.5
Settlem't	4780	—16		......
Straits E.	£1850	—5		......
New York				......

Morning: Standard, cash £4,780, three months £4,840, 45, 50, 45, 48, 53, 46, 42, 40. Kerb: Standard, three months £4,845. Afternoon: Standard, three months £4,840, 43, 45, 46, 50. Kerb: Three months £4,855, 50.

LEAD—Lost ground after opening at £302, the highest point of the day. There was little physical demand in the absence of East European buying, and although there was a fair two-way business, selling predominated. The pause in the rise of the copper price dampened sentiment and forward metal slipped to £297 before trading at £297.25 on the Kerb. Turnover 6,125 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	287.5-8	—2.5	285.5-6.5	—5.5
3 months	300-.5	—2	297.5-8.5	—5.5
S'ment	288	—2.5		......
N.Y. Spot		......	23-25	......

Morning: Cash £287.5, three months £302, 01.5, 02, 01.5, 01, 300.5, 299.75, 300. Kerb: Three months £300. Afternoon: Three months £299, 300, 298.5, 98. Kerb: Three months £297, 97.5, 97, 97.25, 97.

ZINC—Little changed in a quiet market. After opening at £452 the price slipped to £438, but rallied to £453 on news of the Bank of England's removal of the ban on non-trade operations. With little subsequent demand, the forward price slipped to £438.5 before rising to £451.25 on the Kerb. Turnover 3,925 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	433.5-4	—.25	434-.5	—.5
3 months	451.5-2	+.25	451.5-.75	—.5
S'ment	434	—.5		......
Prim. West		......		......

[illegible]

COCOA

COFFEE

RUBBER

SILVER

GRAINS

FREIGHTS

WOOL FUTURES

VEGETABLE OILS

SOYABEAN MEAL

MEAT/VEGETABLES

SUGAR

JUTE

LONDON—Steady. Bangladesh White "C" grade July-Aug. $390. Bangladesh White "D" grade July-Aug. $382. A long ton.

CALCUTTA—Steady. Indian spot Rs.460. Dundee Daisee spot Rs.430 values. A bale of 400 lbs.

PRICE CHANGES

Prices per ton unless otherwise stated

[illegible]

COMPANY NOTICES

MURRAY FUND

Société Anonyme

14, rue Aldringen Luxembourg

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 16th, 1976 has approved the payment of ...

[illegible]

LEGAL NOTICES

[illegible]

PUBLIC NOTICES

[illegible]

U.S. Markets

Coffee rise after early drop

NEW YORK, July 21.

AFTER nearby deliveries traded limit-down on Commission House stop-loss selling, reports of Brazil purchases attracted trade buying to finish coffee higher. Silver opened higher following London, then gave back part of the gains on Commission House and local selling. Soyabeans opened higher on European buying then eased on Commission House selling, Bache reports.

Cocoa—Ghana spot 103½ (same). Bahia spot 96½ (same). July 91.20 (91.60), Sept. 88.50 (88.55), Dec. 83.70, March 82.65, May 79.85, July 77.15 nom. Sept. 74.40 nom., Dec. 71.25. Sales: 780.

Coffee—"C" Contract: July 132.00 asked (134.35), Sept. 133.80-127.20 (126.35), Dec. 125.50-125.80, March 123.00, May 122.11, July 122.80-122.80. Sales: 795.

Copper—July 73.80 (same), Aug. 74.00 (74.10), Sept. 74.60, Dec. 76.30, Jan. 76.80, March 77.90, May 78.90, July 79.60. Sales: 5,709.

Cotton—No. 2: Oct. 78.45 bid (78.45), Dec. 73.50-74.30 (73.21), March 74.20-74.40, May 74.90, July 73.25, Oct. 68.60-68.90, Dec. 65.15. Sales: 3,550.

[illegible]

STOCK EXCHANGE REPORT

Late mark down in leaders after expenditure cuts

Share index 0.1 up at 382.4, after 385.1—Golds ease

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 12	July 22	July 23	Aug. 3
July 26	Aug. 5	Aug. 6	Aug. 17
Aug. 9	Aug. 19	Aug. 20	Sep. 1

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The eagerly awaited announcements of the cuts in proposed public expenditure, which came after the official close of the House, proved a disappointment to equity markets and prompted a late mark down of a few pence or so in leading industrials. Dealings in British Funds ceased trading at 3.30 p.m. but here, too, the measures were thought to be disappointing and prices were expected to open lower when trading restarts to-day.

Initially, the equity leaders opened on a firm note but prices drifted lower on scattered small offerings and a rise of 2.8 at 10 a.m. in the FT 30-share index was pared to one of a point at 3 p.m. This was reduced further "after-hours" and the index closed only 0.1 harder on balance at 382.4. The late reaction was not accompanied by any selling.

Secondary issues passed an extremely quiet session and there was a noticeable fall-off in bid speculation. The few price changes which occurred were mainly small and mixed, but rises just had the edge over falls in FT-quoted Industrials. The FT-Actuaries All-Share index hardened 0.4 per cent. to 158.43. Official markings of 4,315 were the lowest so far this week.

A reaction of $1.625 to $111.625 per ounce in the bullion price after the previous day's strong rally brought a halt to the recovery in Gold mining shares. Overnight dullness in the U.S. and scattered offerings from the Cape and the Continent left prices with modest falls and the Gold Mines index gave up 4.2 to 117.7 following the previous day's rally of 13.1.

Gilts improve

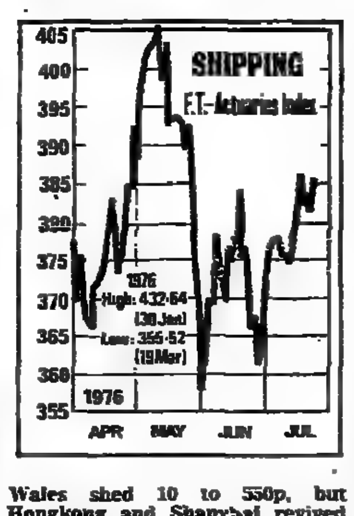
With dealers ceasing to trade after the House close, Gilt-edged *securities failed to reflect the cuts* in public expenditure, which were thought to be lacking in severity. Trading conditions throughout the trading session were very thin and sensitive and it took only a modest demand for the shorts to leave prices with gains ranging to ⅛ at the close. Among the latter maturities, what little interest there was centred chiefly on the long "tap" stock Exchequer 13¼ per cent., 1996, which closed ¼ better at 95¼ on small buying. Other gains in this area also ranged to ¼. The Government Securities index rose 0.10 to 62.48.

The investment currency market attracted a good deal of institutional business yesterday and the premium managed to recover to 105¾ per cent. before closing a point better on the day at 105 per cent. Yesterday's SE conversion factor was 0.7106 (0.7118).

The Japanese textile and clothing concern Renown Incorporated made its London debut yesterday following the issue of 8m. Yen50 Common shares (represented by European Depositary Receipts) at U.S.$2.06; from an opening level of U.S.$2, the price improved to close at the issue price of U.S.$2.06.

Banks quietly firm

On the eve of the interim dividend season, the big four Banks encountered a very disappointing trade. Prices, however, managed to edge forward in thin trading and Lloyds, 225p, and Midland, 272p, both of which report to-day, closed 5 and 2 higher respectively. Barclays (interim due next Thursday), added 5 at 280p, but National Westminster closed unaltered at 230p. Irregular Overseas issues had Standard Chartered 7 lower at 373p following the South African Government's economic package. Bank of New South Wales shed 10 to 550p, but Hongkong and Shanghai revived with a gain of 5 to 300p. Press comment on the disappointing interim profits statement prompted a further fall of 5 to 310p in Union Discount, while Alexanders were friendless once more at 193p, down 7.



Apart from a slight improvement in the fortunes of several brokers, Insurances had little to commend them. Leslie and Godwin put on 4 to 120p as did *Minet Holdings to 122p*.

Little of interest occurred in Breweries, which closed mixed. Matthew Brown, at 76p, encountered profit-taking and lost 4 of the previous day's gain of 5. Whitbread "A," however, hardened a penny to 74p. Elsewhere, Distillers picked up a shade to 133p and H. P. Bulmer improved a penny to 101p. Amalgamated Distilled Products held steady at 20p awaiting to-day's preliminary results. Irish Distillers receded 2 to 47p after adverse comment.

Buildings shrugged aside news of the Chancellor's public spending cuts, closing with little alteration following a quiet trade. Burt Bolton eased 3 to 155p on the first-half trading deficit, while G. H. Downing, 119p, and May and Hassell, 70p, gave up 3 and 4 respectively. J. Harrison eased 2 to 15p as did Lafarge to 22p. JCEG shaded a penny to 30p on the profits setback, but a flurry of speculative activity took British Dredging up 3 to 20p. Awaiting fresh developments in the bid situation, FC Construction were 2 easier at 81p and bidders Norwest Holst a penny harder at 51p.

ICI closed 2 easier at 358p, after 362p. Elsewhere in Chemicals, British Tar Products hardened 1½ to 33½p, while Rentokil, 63p, Yorkshire, 130p, and Laporte, 100p, all finished 2 better.

Plessey disappoint

Plessey made a dull showing in quiet Electricals, receding 4 to 74p in reflection of the disappointing first-quarter results. Elsewhere among the leaders, GEC, after an initial improvement to 160p on the company's revolutionary telephone cable, subsequently eased to close a penny down on the day at 137p.

Elsewhere, Sangamo Weston receded 8 to 102p on small selling in a thin market, but improvements of 2 were seen in BSR, 101p, Brocks Group, 42p, and Chloride, 113p.

Stores closed little changed following a quiet trade. "Gussies" "A" celebrated the good preliminary figures with a rise of a penny to 189p, after 191p. F. W. Woolworth finished a shade harder at 63½p. Readicut International were active, the Ordinary closing 1½ firmer at 27p and the new nil-paid shares finishing 1½ harder at 5½p premium. Small selling in a thin market, however, left Wades Departmental 4 easier at 34p.

After an initial mark-up of a penny or so, the Engineering majors drifted lower on lack of follow-through support to close with modest losses. GKN, for example, touched 310p before finishing a shade off at 308p and Tube Investments ended 2 down at 324p, after 328p. Secondary issues were quieter and displayed no set trend at the close. Davy International hardened a penny to 143p, after 144p, in response to nearly doubled profits. Ransomes Sims and Jefferies improved 2 to 132p, but Wyndham were that much *easier at 18p, the latter after the* results. Swan Hunter put on 2 to 47p in Shipbuilders.

Manbre and Garton remained a nervous market in Foods, losing 4 more to 166p for a two-day fall of 15 on a growing conviction that Tate and Lyle (unchanged at 240p) will not at the moment follow up its recent approach with a formal offer. F. J. Wallis, also a firm market of late on bid hopes, eased 2 to 38p. J. Bibby contrasted with a rise of 6 to 104p on small buying in a thin market, while interest was also shown in Hazlewoods (Proprietary), 22p, and B. Matthews, 92p, both of which closed 2 better. Supermarkets were notable for a 4 rise to 137p in Wheatsheaf Distribution. Among little-changed Caterers, Wheeler's Restaurants closed without alteration at 110p following the preliminary figures.

J. M. Newton higher

Following initial firmness, miscellaneous Industrial leaders reacted late on disappointment with the Chancellor's public expenditure cut measures to finish on a mixed note. Metal Box closed 6 down at 276p, despite the chairman's encouraging statement at the annual meeting. Beecham finished 4 down at 373p, after 379p, and Glaxo 3 softer at 392p, after 398p, while Unilever lost an early gain of 6 to end unaltered on the day at 440p. Reckitt and Colman, however, were still 4 up at 330p, after 332p; and Bowater 2 harder at 189p. Elsewhere, John M. Newton, after the previous day's reaction of 4, moved ahead 7 to 60p on renewed speculation regarding the recent bid approach, while U.K. Optical improved 4 to 164p pending further developments in the bid situation. Francis Sumner gained 1½ at 9p in response to the chairman's forecast at the AGM of a substantial *increase in first-half profits. Press* comment on the preliminary figures left Lindustries 2 firmer at 62p, after 63p, while increased profits lifted *Western Board Mills* 2 to 38p. Berisfords, on the interim results, added 2 at 36p, while Exchange Telegraph, on the chairman's encouraging statement, put on 2 to 82p.

Motors and Distributors had little to commend them. Dowty eased 4 to 155p on profit-taking following the record preliminary figures. Braid Group closed a shade easier at 19p after the interim report, while higher earnings failed to *help Peterborough*, which finished a penny cheaper at 34p. On a more cheerful note, British Car Auction were active and 1½ harder at 31½p.

Movements of any significance were a rare occurrence in Newspapers and Papers. Morgan Grampian eased 3 to 80p, but Collett Dickenson managed to edge up 2 to 41p and IPG hardened ⅛ to £19⅛.

BP higher

Leading Oils experienced quiet conditions, although British Petroleum managed to recover 5 more to 600p, while Shell Transport ended 2 firmer at 432p, after 434p. Royal Dutch hardened ⅛ to £37⅛, while Burmah Oil finished unaltered at 45p, after 46p. Elsewhere, Ultramar closed a shade firmer at 132p, but British Borneo slipped 2 to 102p. The Australian Woodside-Burmah recovered 2 to 89p.

After looking a shade firmer, leading Properties softened late with the general trend to finish narrowly mixed after another idle day's trade. MEPC were still a penny up at 70p, after 71p, but Land Securities were finally that amount down at 165p, after 167p. Elsewhere, Keith and Henderson slipped back 2 more to 81p for a two-day reaction of 6 on Welfare Insurance's arguments for not increasing its 80p cash offer. Churchbury Estates closed 3 cheaper at 125p, but Compco, after the previous day's rise of 7 on vague take-over talk, closed a penny higher at 53p, after 55p. Regional Properties, 40p, and "A," 38½p, both regained 2 of the recent fall which followed disappointment with property sales news.

Overseas Traders were inclined to mark time, although fresh speculative interest raised Ocean Wilsons 4 to 136p. Harrisons and Crosfield were quoted ex the 100 per cent. scrip issue at 487p, an effective improvement of 25.

Malit Securities, already in receipt of a bid worth 20p per share from Ruberoid, were marked up 2 to 22p to match the terms of the counter-offer from Davis Investments (Jersey). Yorkgreen met with late demand and hardened a penny to 5½p and, on the interim results, Yule *Catto closed a similar amount* dearer at 42p.

Shippings were notable for a fresh improvement of 4 to 222p in Lyle following renewed speculative interest. British and Commonwealth also gained 4 to 208p as did its associated concern Caledonia Investments to 183p. Milford Docks, however, lost 4 to 52p.

Down 6 on Wednesday following the chairman's warning on profits at the AGM, Courtaulds opened higher at 128p yesterday but then turned easier again as the day progressed to finish a penny down on balance at 125p. Elsewhere in Textiles, Wormalds *Walker and Atkinson fell 3 to 5p*, after touching a 1976 low of 3p, following the AGM which disclosed that first-quarter figures will be worse than expected. A firm market of late on news of the group's extensive reorganisation plans, *Slimma ran back 1½ to 30p*. Worth (Bond) gave up 3 to 37p and Ira-Tex lost 3 at 30p. Bonas Webb, on the other hand, edged forward a penny to 17p. Textured Jersey held steady at 18p awaiting to-day's preliminary results. Slightly more interest was shown in Bats, but the price remained at the overnight level of 368p.

Golds ease

South African Industrials took Wednesday's modest recovery a stage further following the SA Government's announcement of an economic package designed at remedying the Republic's deteriorating balance of payments situation; Edworks rallied 5 to 40p and OK Bazaars "A" improved 10 to 420p.

Central Province Ceylon Tea closed a shade harder at 11½p following news that Bandanga, which already own over 20 per *cent. of the share capital, had* acquired a further 7,500 shares in the company at 11½p per share and that CPC Preference holders do not intend to accept the offer from Anglo-Indonesian Plantations; the latter closed 2 to 45p.

Wednesday's rally in South African Gold shares came to a halt yesterday following the fall in the bullion price, which closed finally $1.625 down at $111.625.

Shares opened lower reflecting their overnight weakness in the U.S. and subsequently eased further owing to modest offerings from Cape and Continental sources although business was at a low level. The Gold Mines index gave up 4.2 to 117.7.

Among the heavyweights, losses of a half-point were registered by Randfontein, Vaal Reefs (£10¼), West Driefontein (£15½) and Western Holdings (£19½), while in the lower-priced stocks, Buffels fell 40 to … and Doornfontein 30 to 240p.

Financials mirrored Golds. Anglo American gave up … to 230p and Middle Wits fell a similar amount to 270p. In the London-based stocks, Golds Fields … to 154p and Selection Trust 6 down at 462p.

Coppers were barely … but Platinums generally … few pence on Cape … Potgietersrust and Union both 2 easier at 152p … respectively.

Australians were quiet in response to the undecided … in overnight markets in Sydney and Melbourne. Hampton … were a firm spot, rising to a year's high of 87p. … however, lost 5 more to 2…

Tin shares generally … London Tin fell 3 to 17… Tehidy Minerals were un… at 43p "ex" the "scrip"… Elsewhere, a modest loca… left "Tanks" 5 higher a…

FINANCIAL TIMES STOCK INDICES

	July 22	July 21	July 20	July 19	July 16	July 15
Government Secs.	62.48	62.38	62.61	62.63	62.69	62.64
Fixed Interest	63.17	63.24	63.29	63.27	63.25	63.34
Industrial Ordinary	382.4	382.3	386.9	387.8	391.0	393.5
Gold Mines	117.7	121.9	108.8	115.8	122.0	132.9
Ord. Div. Yield	5.77	5.77	5.70	5.69	5.65	5.61
Earnings Yld % (full)	16.80	16.79	16.21	16.17	16.05	15.94
P/E Ratio (net) (*)	8.86	8.87	9.17	9.19	9.26	9.35
Dealings marked	4,315	4,611	4,861	5,108	5,000	4,722
Equity turnover £m	—	44.20	38.58	32.58	49.09	53.19
Equity bargains total	—	10,678	10,994	10,646	12,163	12,118

10 a.m. 383.1. 11 a.m. 382.9. Noon 383.2. 1 p.m. 383.1. 2 p.m. 383.1. 3 p.m. 383.1.

Latest index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil = 8.71.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.91 (30/1/76)	60.19 (2/6/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	108.8 (20/7/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 22	July 21
Daily		
Gilt-Edged	157.0	[illegible]
Industrials	148.8	[illegible]
Speculative	50.9	[illegible]
Totals	102.8	[illegible]
5-day Average		
Gilt-Edged	171.7	[illegible]
Industrials	154.3	[illegible]
Speculative	54.6	[illegible]
Totals	109.7	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday, July 22, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. July 21 Index No.	Tuesday July 20 Index No.	Monday July 19 Index No.	Friday July 16 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	144.41	−0.2	16.93	5.30	8.91	8.83	144.64	145.55	146.15	147.21	106.41	160.06 (21/4)	137.18 (2/6)	206.37 (4/5/72)	50.17 (13/12/74)
2	Building Materials (30)	125.82	+0.5	15.78	7.35	9.61	9.61	125.50	126.46	127.55	129.05	89.37	160.18 (15/1)	121.77 (28/6)	233.94 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	186.81	—	20.59	5.90	7.66	7.66	186.74	187.40	188.12	188.50	187.71	260.20 (15/1)	184.29 (28/6)	389.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	270.45	−0.8	16.29	4.91	9.17	8.91	272.59	276.05	276.56	277.81	200.37	287.30 (21/4)	245.72 (2/6)	350.04 (4/5/72)	86.71 (25/6/62)
5	Engineering (Heavy) (13)	179.82	+0.1	22.05	6.75	7.07	7.07	179.69	180.16	178.15	180.47	150.59	193.16 (3/6)	161.88 (2/6)	202.57 (6/6/75)	94.43 (1/2/76)
6	Engineering (General) (63)	154.10	−0.2	17.30	6.69	8.59	8.56	154.36	154.82	155.29	156.33	93.01	169.29 (5/6)	135.49 (2/1)	168.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	59.57	—	17.59	7.45	8.54	8.52	59.57	59.59	59.75	60.17	37.23	60.62 (3/5)	51.19 (6/1)	156.70 (4/1/68)	19.96 (16/12/74)
8	Miscellaneous (25)	132.21	+0.5	14.41	5.45	10.58	10.27	131.53	132.53	135.08	135.76	99.54	141.94 (11/5)	121.53 (2/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	124.95	—	17.25	5.50	8.67	8.65	124.94	125.91	126.54	127.00	80.50	141.46 (21/4)	116.86 (2/6)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	156.04	−0.5	15.77	4.23	9.35	9.33	156.51	157.92	158.25	159.50	95.54	160.35 (7/4)	128.75 (2/6)	257.41 (19/6/72)	42.85 (12/12/74)
11	Household Goods (13)	159.05	+0.6	20.08	7.56	7.61	7.59	158.09	161.05	161.41	160.98	125.92	187.22 (7/4)	155.67 (12/7)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	80.12	+0.3	18.45	6.65	8.22	8.16	79.89	79.90	80.65	80.78	42.22	85.16 (3/6)	70.06 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	147.56	+0.5	14.45	6.24	10.50	10.55	146.69	148.38	149.13	149.92	117.38	162.24 (4/2)	138.95 (2/6)	226.06 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	166.45	+0.4	13.95	6.84	10.73	10.73	165.85	167.02	167.64	168.82	131.20	179.45 (2/2)	147.99 (2/6)	261.87 (28/11/72)	69.47 (15/12/74)
15	Wines and Spirits (7)	163.98	+0.7	11.62	6.65	15.15	15.16	162.89	162.89	165.96	166.14	131.34	190.67 (6/5)	162.89 (30/7)	257.40 (15/7/72)	76.71 (13/12/74)
16	Entertainment, Catering (14)	174.98	+0.2	15.89	7.60	11.11	11.01	174.59	176.10	176.06	178.58	134.42	211.26 (8/5)	158.17 (2/6)	329.99 (12/12/72)	54.37 (18/7/74)
17	Food Manufacturing (22)	160.55	+0.3	16.47	5.51	9.24	9.17	159.88	160.51	161.18	162.90	126.61	179.44 (11/5)	157.25 (2/6)	211.65 (16/6/72)	59.78 (11/12/74)
18	Food Retailing (16)	133.25	+0.4	13.54	5.59	10.96	10.96	132.75	134.05	134.91	135.95	114.51	150.06 (12/1)	126.86 (2/6)	235.06 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	177.69	—	11.85	5.90	12.95	12.96	177.61	178.41	178.98	178.91	120.86	184.34 (11/5)	157.01 (2/6)	250.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	102.51	+0.5	15.94	7.38	9.65	9.65	102.00	102.72	105.22	104.27	81.22	112.50 (26/2)	94.92 (2/6)	136.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	121.85	+0.8	12.40	5.66	12.48	12.40	120.88	122.37	122.61	122.52	99.99	136.24 (2/2)	113.17 (2/6)	204.39 (16/11/72)	52.63 (6/1/75)
22	Textiles (23)	148.12	+0.2	10.59	7.75	15.56	11.21	147.85	152.73	155.88	154.10	118.34	163.19 (30/1)	141.90 (2/6)	255.72 (17/9/65)	62.56 (11/12/74)
23	Tobaccos (3)	224.07	+0.4	19.46	6.34	7.94	7.94	223.16	228.00	230.75	231.12	175.67	241.59 (3/6)	211.56 (5/3)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	78.35	+0.2	19.26	7.54	6.95	6.92	78.18	78.18	79.23	80.95	41.00	80.95 (16/7)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	214.87	+0.9	11.78	5.35	11.89	11.89	213.04	216.67	217.43	219.15	157.21	231.38 (3/5)	190.46 (6/1)	231.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (6)	92.57	+0.5	12.65	5.62	11.67	11.67	92.13	95.97	95.80	96.02	73.55	100.18 (19/5)	86.09 (2/1)	246.06 (1/3/72)	45.34 (2/1/75)
27	Shipping (12)	386.00	+1.2	12.90	6.57	11.26	10.22	381.58	383.57	382.43	386.29	321.74	432.64 (30/1)	355.52 (19/3)	517.00 (6/12/73)	90.80 (29/6/62)
28	Miscellaneous (49)	152.96	+0.5	14.70	7.46	10.14	10.13	152.18	153.56	154.38	155.51	122.50	172.98 (21/4)	148.45 (2/6)	256.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	151.94	+0.4	14.72	6.15	10.14	10.04	151.39	153.04	153.74	154.70	116.29	165.58 (4/5)	145.68 (2/6)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	359.10	+0.6	11.92	4.57	9.70	8.98	356.79	353.99	356.29	356.87	275.10	395.84 (20/1)	351.34 (15/2)	431.66 (29/5/69)	87.25 (29/6/62)
31	500 SHARE INDEX	169.02	+0.4	14.28	5.90	10.07	9.85	168.33	169.67	170.49	171.44	129.41	183.00 (5/5)	151.90 (2/6)	227.95 (1/5/72)	65.49 (13/12/74)
32	FINANCIAL GROUP (100)	129.08	+0.7	—	5.79	—	—	128.16	130.38	131.25	131.85	114.86	153.46 (30/1)	118.52 (2/6)	241.41 (1/5/72)	55.88 (13/12/74)
33	Banks (6)	156.35	+1.1	19.81	5.41	7.77	7.77	154.67	158.09	159.06	160.52	132.15	192.16 (29/1)	146.38 (2/6)	268.32 (2/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	150.34	−1.0	—	9.20	—	—	151.84	157.32	159.39	160.52	141.76	186.52 (13/1)	147.90 (3/6)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	88.99	−0.1	—	7.30	—	—	89.07	92.11	92.11	92.19	88.49	132.10 (26/2)	88.99 (22/7)	433.72 (4/6/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	108.57	+1.4	—	6.59	—	—	106.86	108.47	109.05	109.84	97.91	129.46 (30/1)	95.91 (2/6)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	100.74	—	—	6.97	—	—	100.72	101.96	102.48	102.03	94.43	119.75 (30/1)	92.03 (10/6)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	242.45	+1.1	10.18	4.58	14.52	14.52	239.85	246.15	250.95	251.89	181.86	276.90 (11/5)	218.26 (5/1)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (16)	73.30	+0.3	—	7.63	—	—	73.10	73.36	73.65	73.90	98.37	93.83 (27/1)	69.72 (2/6)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	168.77	+1.0	3.53	3.23	55.11	53.68	167.18	170.32	171.56	172.71	145.53	194.57 (30/1)	144.37 (2/6)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	70.86	+0.9	18.09	8.71	8.55	8.55	70.25	70.81	70.08	71.56	65.86	91.98 (6/2)	68.44 (8/7)	303.13 (18/6/72)	33.29 (17/12/74)
42	Investment Trusts (50)	149.26	—	3.55	5.03	29.10	29.10	149.82	150.92	151.85	153.08	148.69	184.55 (30/1)	141.95 (2/6)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	158.43	+0.4	—	5.82	—	—	157.74	159.24	160.08	160.95	126.56	172.64 (30/1)	150.59 (2/6)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	480.01	−0.1	9.44	5.89	15.46	14.12	480.45	480.33	483.30	485.24	403.15	523.40 (7/6)	404.67 (14/1)	555.37 (23/7/73)	84.68 (26/8/65)
45	Teas (8)	137.85	—	30.57	8.59	4.44	4.29	137.83	138.56	138.92	139.41	100.43	148.43 (6/7)	117.89 (7/1)	148.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	220.69	—	44.78	7.79	2.23	2.23	220.69	224.51	228.93	229.50	354.60	301.47 (7/1)	178.95 (5/4)	567.78 (15/7/75)	94.08 (29/4/68)
47	Mining Finance (11)	96.75	−1.4	10.78	5.18	10.44	10.36	98.16	96.41	98.68	101.52	120.50	119.77 (7/1)	86.18 (5/3)	175.90 (28/4/69)	68.31 (30/9/74)
48	Tins (8)	117.39	−1.2	10.97	7.72	13.68	12.98	118.83	119.14	118.82	117.36	92.75	119.14 (20/7)	86.09 (9/2)	185.43 (1/3/75)	54.83 (27/5/71)
49	Overseas Traders (13)	220.04	+0.3	15.07	4.42	8.64	8.62	219.36	219.93	220.64	223.31	201.11	254.47 (5/5)	217.63 (8/7)	254.47 (5/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Thurs., July 22 Index No.	Yield %	Wed. July 21	Tuesday July 20	Monday July 19	Friday July 16	Thurs. July 15	Wed. July 14	Tues. July 13	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.99	13.98	13.97	13.96	13.95	13.94	13.94	13.93	13.99	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.11	13.24	48.92	49.15	49.17	49.20	49.24	49.06	49.07	50.04	53.45 (30/1)	47.56 (2/1)	115.43 (11/9/65)	38.27 (6/1/75)
3	20-yr. Red. Deb. & Loans (15)	50.82	14.55	50.82	50.82	50.66	50.39	50.25	50.25	50.48	48.10	52.40 (21/5)	46.68 (2/1)	113.48 (25/10/65)	37.01 (6/1/75)
4	Investment Trust Prefs. (15)	49.31	14.04	49.31	49.26	49.26	49.50	49.45	49.45	50.15	46.81	51.25 (13/2)	45.43 (7/6)	114.41 (15/9/65)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	68.73	13.67	68.72	68.73	68.87	68.95	68.78	68.86	68.78	66.68	71.97 (2/2)	62.76 (2/1)	114.95 (17/10/65)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	114.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

† Redemption yield. FT-Actuaries indices are calculated by Exial Communications Limited, a member of the Exchange Telegraph Group on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises … which show all eleven group and sub-section indices … the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	15	360	—	402	328
Barclays Bank	£1	8	280	+5	350	265
GEC	25p	8	137	−1	168	142
Manbre & Garton	50p	8	166	−4	181	122
Natl. Westminster	£1	8	230	—	290	205
Metal Box	£1	7	276	−6	302	244
Plessey	50p	7	74	−4	84	65
Shell Transport	25p	7	432	+2	462	378
Bass Charrington	25p	6	104	+1	114	88
BP	£1	6	600	+5	685	575
Burmah Oil	£1	6	45	—	53	31
Cadb'y Schweppes	25p	6	48½	+½	55	44½
Commercial Un.	25p	6	123	—	158	106
GKN	£1	6	308	−½	360	268
Lonrho	25p	6	69	−1	109	68

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 20	Aug. 2	Oct. 14	Oct. 26
Aug. 3	Aug. 16	Oct. 28	Nov. 9
Aug. 17	Aug. 31	Nov. 11	Nov. 23

"Calls" were dealt in Lonrho, BP, English Property, Reyrolle Parsons, Charterhall Finance, Intereuropean Properties, Town and City, Richardson and Westgarth and Peachey Property. A "put" was done in "Bats," while "doubles" were arranged in Burmah Oil, Letraset, English Property, Manbre and Garton, Charterhall Finance and Slater Walker.

Industrials							
A. P. Cement	15	Guardian	16	Spillers	4	Shell	27
Assoc. Leisure	8	G.K.N.	25	Tesco	4	Ultramar	14
Barclays Bank	22	Hawker Sidd.	55	Thorn "A"	22		
[illegible]	[illegible]	House of Fraser	8	Tube Invest.	27	Mines	
[illegible]	[illegible]	I.C.I.	20	Unilever	38	Anglo-Amer.	50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (11)

FOREIGN BONDS (1)
Japan 4pc '10 Ass.
ENGINEERING (2)
Braithwaite Davy Int.
INDUSTRIALS (1)
Sumner (F.)
MOTORS (1)
Fodens
PROPERTY (1)
Peachey
SHIPPING (1)
Lyle Shipping
TRUSTS (2)
Yorkgreen Caledonia Invs.
TEAS (1)
Central Province
MINES (1)
Hampton Areas

NEW LOWS (27)

BANKS (2)
Alexanders Discount Bank America
BEERS (1)
Irish Distillers
BUILDINGS (5)
Bryant Roberts Adlard
Hewden Stuart 7pc Conv. Summers (O. C.)
Jarvis
CHEMICALS (1)
Norsk Hydro
STORES (2)
Hepworth Vernon Fashion
ELECTRICALS (2)
Racal Elect. Sangamo Weston
ENGINEERING (1)
TCK
HOTELS (1)
Borel (J.)
INDUSTRIALS (4)
Allied Polymer Lebus (Harris)
Jentique Tilling (T.)
INSURANCE (2)
Provident "A" Provident "B"
MOTORS (1)
Hanfye
TEXTILES (1)
Wormalds Walker
TRUSTS (4)
Grange Trust Lond. Aberdeen Nthd.
Invsts. in Success Edinburgh Ind.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dominion and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

Allied Irish Banks L…
American Express Bk.
Anglo-Portuguese Bk.
Henry Ansbacher …
Banco de Bilbao …
Banco de Jerez …
Bank of Cyprus …
Bank of N.S.W. …
Banque du Rhone S…
Barclays Bank …
Barnett, Christie Ltd.
Bremar Holdings L…
Brit. Bank of Mid. E…
■ Brown Shipley …
Canada Permanent A…
Cayzer, Bowater Co. L…
Cedar Holdings …
■ Charterhouse Japhet
C. E. Coates …
Consolidated Credits
Co-operative Bank …
Corinthian Securities
Credit Lyonnais …
G. R. Dawes …
Duncan Lawrie …
English Transcont.…
First London Secs.…
■ Antony Gibbs …
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank …
■ Guinness Mahon …
■ Hambros Bank …
Hampton & Partners
■ Hill Samuel …
C. Hoare & Co. …
Julian S. Hodge …
Hongkong & Shanghai
Industrial Bank of Sc…
Keyser Ullmann …
Knowsley & Co. Ltd.
Lloyds Bank …
London & European
London Mercantile
Midland Bank …
■ Samuel Montagu …
■ Morgan Grenfell …
National Westminster
Northern Comm. Tr…
Norwich General Tr…
Portman Guaranty …
P. S. Refson & Co. …
Rossminster Accep.…
Schlesinger Limited
E. S. Schwab …
Security Trust Co. …
Shenley Trust …
Standard Chartered
Trade Development …
Twentieth Century …
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's …
Yorkshire Bank …

■ Members of the Accepting Houses Committee.
* 7-day deposits 8½%, 1-month …
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 …% and over £25,000 …%.
‡ Call deposits over £1,000 …
§ Demand deposits …

CORAL INDEX: Close 376-78

INSURANCE RATES

† Atlantic Assurance …
Cannon Assurance …
† Address shown under Property Bond table.

MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit was in adequate supply in the London money market yesterday and the authorities did not intervene. Banks carried forward surplus balances from Wednesday, and a fall in the note circulation was also in the market's favour. On the other hand there was an excess of revenue payments to the Exchequer over Government disbursements. Discount houses paid 10¾-11 per cent. for secured call loans in the early part, and closing balances were taken at 10½-10¾ per cent., though some funds may have been found at 10 per cent.

In the interbank market overnight loans opened at 11-11⅛ per cent., and traded at 10½-11 per cent., before closing at 10 per cent. Rates in the table below are nominal in some cases.

July 22 1976	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills	Eligible Bank Bills	Fine Trade Bills
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or 7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years …; four years …; five years … per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills … per cent.; four-month trade bills … per cent. Approximate selling rate for one-month Treasury bills … per cent.; two-month … per cent.; and three-month … per cent. Approximate selling rate for one-month bank bills … per cent.; two-month … per cent.; and three-month … per cent.; one-month trade bills … per cent.; two-month … per cent.; and also three-month … per cent.

Finance House Base Rates (published by the Finance Houses Association) 11 per cent. from July 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice … per cent. Clearing Bank Base Rates for lending … per cent. Treasury Bills: average tender rate of discount …

AUTHORISED UNIT TRUSTS

[illegible]

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe

Framlington Unit Mgt. Ltd.(a)
5-7, Ireland Yard, EC4B 5DH.

Friend's Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking.

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy, C.I. 0534 29041

CMF Ltd. June 24	$US9.86	10.11	......	—
CMT Ltd. June 24	£9.90	10.16	......	—
Metals Tst. July 15	£14.07	14.42	......	—
TMT July 8	$US10.95	11.24	......	—
TMT Ltd. July 8	£11.23	11.52	......	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg.

Wrld.Wide Gth.Fd.	$US12.45	-0.07	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. s Suspended. ★ Single premium insurance bonds.

REGIONAL MARKETS

...tion of the share prices previously shown under regional headings is ... below with quotations on London. Irish issues, most of which are not listed in London, are shown separately and with prices as on the Irish ...

IRISH

...v 20p	19	......	Higsons Brew.	90	-3	Cons. 9% '80/82	[illegible]	......
...ung	36	......	I.O.M. Stm. £1	135	......	Alliance Gas	33	......
...	23	......	Holt (Jos.) 25p	235	......	Arnott	225	......
...% 50p	137	......	Kleen-e-Ze	32	......	Carroll (P.J.)	105	......
...ott	30	......	Lovell's Shipbl.	97	......	Clondalkin	43	......
...se £1	350	......	N'thn. Goldsmith	86	......	Concrete Prods.	65	......
...A.)	18	+1	P.M.A.	33	-1	Heiton (Hldgs.)	23	......
...Hldgs.	66	......	Pearce (C. H.)	85	......	Ind. News	40	......
...k 10p	23	......	Peel Mills	14	......	Ins Corp.	165	......
...	11	......	Rubb Caledonian	50	......	Irish Distillers	49	......
...	46	......	Sayers 10p	16	......	Irish Ropes	90	......
...5p	16	......	Sheffield Brick	83	......	Jacob	60	......
...	152xd	......	Sheff. Refrshmt.	140	......	Sunbeam	11	......
...£1	310	-5	Shiloh Spinn.	25	......	T.M.G.	70	......
...10p	8	......	Sindall (Wm.)	50	......	Unidare	70	......

...OD PRICE MOVEMENTS

	July 22 £	Week ago £	Month ago £
...ish A.1 per ton†	870	870	910
...ish A.1 per ton†	850	850	880
...n Special per ton†	850	830	870
...sh A.1 per ton†	—	—	—
...er A.1 per ton†	850	850	870
...(packet)			
per 20 lbs†	9.24-9.38	9.24-9.28	9.24-9.32
...ish per cwt†	49.84	49.84	49.84-50.81
...ish salted per cwt†	53.30-55.83	53.30-55.83	53.30-53.30
...			
...lish cheddar rindless			
...r tonne	950.74	950.79	950.79
per tonne	872.5	872.5	872.5
...e-prod. Standard	2.20-2.50	2.00-2.25	2.30-2.60
Large	3.50-3.70	2.70-3.10	3.10-3.35
	July 23 per pound	Week ago per pound	Month ago per pound
...tish killed sides			
...x KKCF)	42.0—45.0	40.0—48.0	41.0—45.0
forequarters	—	28.0—29.5	—
...ish	40.0—42.0	40.0—42.0	38.0—42.0
...PLs-PMs	36.5—39.5	32.5—39.5	33.5—39.5
...ll weights)	26.0—33.0	24.0—32.0	28.0—35.0
...			
...ish ewes	15.0—18.0	18.0—22.0	16.0—18.0
...Y			
...er chickens	28.0—30.0	28.0—29.0	26.5—29.0

...ndon Egg Exchange price per 120 eggs. † Delivered. ...livery July 24-31.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98⅝	98	Victory 4pc 1976‡‡	98	.....	4.04	—
101 11/32	99 3/16	Treasury 10½pc 1976‡‡	99⅞	.....	10.51	10.67
98 3/32	95 3/32	Treasury 6¾pc 1977‡‡	97 3/16	.....	6.43	10.91
97¼	94½	Electric 3pc '74-77	96⅓	.....	3.11	8.87
103 7/32	92 3/16	Treasury 11½pc '77‡‡	100 3/16	+½	11.48	11.21
95⅛	91⅞	Treasury 3pc '77‡‡	93⅞	−¼	3.20	7.97
95⅝	92¼	Transport 4pc '72-77	94⅜	−1/16	4.24	7.99
99 3/16	90½	Treasury 9pc 1978‡‡	96½	+1/32	9.33	11.35
101½	97	Treasury 10½pc '78‡‡	99	+1/32	10.61	11.07
93⅓	89⅝	Exchequer 5pc '76-78‡‡	91⅞	+1/16	5.44	9.17
103 31/32	97⅓	Treasury 11½pc '79‡‡	99⅞	+1/32	11.51	11.52
88⅔	83⅝	Treasury 3pc '79‡‡	86⅞	−⅛	3.45	7.75
89⅜	73⅞	Electric 4¼pc '74-79	87⅝	−⅓	4.85	8.78
100 7/32	94⅞	Treasury 10½pc '79‡‡	96⅞	+1/16	10.84	11.63
88¾	83⅝	Electric 3½pc '76-79	86⅞	−⅛	4.03	8.08
96 21/32	90¼	Treasury 9pc 1980‡‡	92½	+3/32	9.73	11.56
96½	91¼	Treasury 9½pc '80‡‡	92⅞	+⅛	10.23	11.86
86½	82¼	Treasury 3½pc '77-80	85⅜	.....	4.10	7.93
89½	71	Funding 5¼pc '78-80‡‡	87⅝	−⅛	5.99	9.08
103 3/16	96 11/16	Treasury 11½pc 1981‡‡	98 13/16xd	+⅛	11.62	11.79
86	79	Treasury 3½pc 1979-81	83½xd	.....	4.19	7.87
95⅝	90⅛	Treasury 9¾pc 1981‡‡	91⅞	+⅛	10.61	12.05
		Five to Fifteen Years				
94⅓	86	Treasury 8¼pc '80-82‡‡	87⅞xd	+¼	9.69	11.58
107¼	99⅜	Treasury 12pc 1983‡‡	102½	+¼	12.21	12.37
81⅛	73¼	Funding 5½pc '82-84‡‡	76½xd	+¼	7.20	10.06
87⅝	79⅜	Treasury 8½pc '84-86‡‡	81⅞	+¼	10.42	11.67
74⅞	67⅛	Funding 6½pc '85-87‡‡	70	+¼	9.49	11.71
77⅝	71	Treasury 7¾pc '85-88‡‡	72¼xd	+¼	10.72	12.31
51¼	45⅝	Transport 3pc '78-88	48⅞	+¼	6.16	10.71
59¾	52¾	Treasury 5pc '86-89	55½	+¼	9.23	11.99
103¼	93¾	Treasury 13pc 1990‡‡	95⅝xd	+¼	13.63	13.76
75⅞	68	Treasury 8¼ '87-90‡‡	70⅜	+¼	11.87	13.05
60	53⅛	Funding 5¾pc '87-91‡‡	55¾	+¼	10.64	12.73
		Over Fifteen Years				
100½	87⅝	Treasury 12¾pc '92‡‡	92½xd	+¼	13.79	13.94
98½	85¾	Treasury 12½pc '93‡‡	90⅜	+¼	13.88	14.05
58	50⅝	Funding 6pc 1993‡‡	53⅝	+¼	11.65	13.20
75⅓	66⅛	Treasury 9pc '94‡‡	70⅛	+¼	13.14	13.73
36½	32⅛	Gas 3pc '90/95	33¾	+⅛	9.07	12.10
100	87⅞	Treasury 12¾pc '95‡‡	93¼	+¼	14.04	14.12
75⅞	66⅓	Treasury 9pc '92/96‡‡	70½	+¼	13.37	13.88
95¾	93⅞	Exchequer 13¼pc '96‡‡	95¾	+¼	14.14	14.20
35½	31	Redemption 3pc 1986-96	33⅝	+⅛	9.18	11.82
102½	88	Treasury 13¾pc '97‡‡	93⅝xd	+¼	14.16	14.21
70½	64⅜	Treasury 8¾pc 1997‡‡	68½	+¼	13.45	13.90
57⅞	50⅛	Treasury 6¾pc '95-98‡‡	53⅝	+¼	12.96	13.69
76	65½	Treasury 9½pc 1999‡‡	69⅞xd	+¼	13.64	13.93
31½	27¼	Funding 3½pc '99-04	28⅞	+⅓	12.16	13.11
65	56¾	Treasury 8pc '02-06‡‡	60⅝	+¼	13.74	13.90
46⅛	39⅝	Treasury 5½pc '08-12‡‡	42½	+¼	13.59	13.74
60⅞	52¼	Treasury 7¾pc '12-15‡‡	56xd	+¼	13.82	13.88
		Undated				
30⅜	26⅜	Consols 4pc	27¼xd	.....	14.36	—
27⅞	24⅝	War Loan 3½pc‡‡	26	.....	13.73	—
28⅓	25¼	Conv. 3½pc '61 Aft.	27¼	.....	13.37	—
23¼	20⅝	Treasury 3pc '66 Aft.	21¾	.....	14.38	—
19⅝	17	Consols 2½pc	18	.....	13.98	—
19½	16⅞	Treasury 2½pc	18	.....	14.51	—

**INTERNATIONAL BANK

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
99¾	98¼	5pc Stock 1976	99¾	.....	—	—
75	68½	5pc Stock '77-82	73½xd	.....	7.21	12.33

**CORPORATION LOANS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
89¾	84½	Birm'ham 9¾pc '79-81	85xd	.....	10.84	13.33
97⅝	87½	Bristol 6½pc '75-77	97⅝	.....	6.66	11.16
94¾	89½	Essex 5½pc '75-77	94¼	.....	5.80	11.52
95¾	92⅝	G.L.C. 7¼pc 1977	95½	.....	7.60	11.99
102½	93½	Do. 12½pc '82	97¾	.....	13.04	13.53
78¾	74¾	Herts. 5¼pc '78-80	78¼	.....	6.75	12.55
95⅛	91⅞	Liverpool 7pc '76-77	94¼	.....	7.38	11.95
87¼	79	Do. 9¾pc '80-84	82¼	.....	12.11	13.89
26	22¾	Do. 3½pc Irred.	24¼	.....	14.79	—
90	86¼	Lon. Corp. 6½pc '75-78	89½	.....	7.26	12.45

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 40% (based on $1.7570 per £)

Conversion factor 0.7196 (0.7118)

CANADIANS

S.E. List Premium 40⅛% (based on $1.7413 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا اصل الأصل

هكذا اصل الأصل

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	320	Blyvoor 25	380	......	Q75c	ϕ	12.8
£14	580	Buffels R1	610	−40	Q125c	ϕ	13.3
198	88	Deelkraal R0.30	102	......	—	—	—
760	210	Doornfontein R1	240	−30	Q55c	ϕ	14.8
965	500	East Drie R1	550	−10	Q75c	1.7	8.8
280	140	Elandsrand Gld. 20c	145	−10	—	—	
190	68	Elsburg R1	80	−5	‡Q338c	1.0	‡
£16½	850	Hartebeest R1	900	+25	Q190c	ϕ	15.4
695	300	Kloof Gold R1	360	......	Q47c	ϕ	8.4
760	275	Libanon R1	290	−30	Q80c	ϕ	17.8
740	335	Southvaal 50c	375	−5	Q8c	1.5	1.4
245	128	Stilfontein 50c	135	−5	‡Q36c	2.2	‡
£20½	£10¼	Vaal Reefs 50c	£10½	−½	‡Q175c	2.1	‡
420	90	Venterspost R1	110	−5	‡Q70c	1.9	‡
£35	£14½	W. Drie R1	£15¼	−¼	Q335c	ϕ	14.2
315	110	Western Areas R1	125	−10	‡Q52c	1.4	‡
£15¼	570	Western Deep R2	660	−10	‡Q147½c	1.6	‡
290	164	Zandpan R1	170	−5	Q51¼c	ϕ	11.9

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	70	Free State Dev. 50c	80	+10	Q9c	ϕ	7.5
975	880	F.S. Geduld 50c	975	−25	‡Q330c	1.3	‡
200	57	F.S. Saaiplaas R1	120	......	Z6c	O	3.2
465	295	Harmony 50c	310	−20	Q65c	ϕ	13.6
195	68	Loraine R1	78	−10	Q6c	0.5	5.0
£18½	900	Pres. Brand 50c	925	−50	‡Q250c	1.3	‡
£13	540	Pres. Steyn 50c	595	−15	‡Q125c	2.2	‡
950	880	St. Helena R1	950	......	‡Q250c	1.2	‡
174	86	Unisel	95	−5	—	—	—
330	165	Welkom 50c	165	−15	‡Q55c	1.7	‡
£25½	£13	W. Holdings 50c	£13½	−½	‡Q475c	1.2	‡

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- Based on 1973 profits.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES

Friday July 23 1976

NEWS SUMMARY

Dublin onslaught by IRA feared

As 4,000 Irish police hunted *yesterday for the killers of* Mr. Christopher Ewart-Biggs, British Ambassador to Dublin, it was feared that the assassination could herald a Provisional IRA onslaught against the Irish Republic.

Thirteen senior Provisional Sinn Fein leaders were being held last night by the Special Branch in Dublin, where alleged Provo chief of staff David O'Connell was charged with IRA membership.

In Northern Ireland, a man was shot and seriously injured in one of three bomb attacks. **Page 6**

Aladdin's cave in Glasgow

A hitherto secret art collection—valued at more than £40m.—was seen yesterday by journalists at a Glasgow address which they agreed not to disclose. It comprises more than 8,000 items amassed by shipping magnate Sir William Burrell, who died in 1958. Glasgow Council, to whom he bequeathed it, is hoping for a Government go-ahead to build a special home for the collection.

Swimming tragedy

Hampshire County Council may stop a party of 200 children leaving for France next week after an 11-year-old boy and his teacher were drowned by a giant wave which swamped their school party as they swam near Le Havre, Normandy, on Wednesday.

Mrs. Neilson bail

Mrs. Irene Neilson, aged 41, was released on bail at Stone, Staffordshire, after being charged with seven offences. Police refused to disclose the nature of the offences.

Reagan's plea

Mr. Ronald Reagan challenged President Ford to a television debate, saying that "in no circumstances" would he serve as Ford's running mate in the Presidential election campaign. **Page 4**

Anne in action

The Queen and the Duke of Edinburgh watched Princess Anne compete in the dressage section of the three-day equestrian event, the first time a member of the British Royal Family has taken part in the Olympic Games. **Page 2.**

Appeals fail

Fresh appeals ordered by the Home Secretary in the cases of four Londoners serving long jail sentences were dismissed in the Court of Appeal. The men were David Cooper and Michael McMahon, serving life sentences for murder, and Patrick Murphy and William Davis jailed for armed robbery.

Cricket feast

The West Indies made the highest score on the opening day of a Test match since the war with 437 for 9 in only 83 overs. **Trevor Bailey, Page 2**

Mortimer Wheeler

Sir Mortimer Wheeler, archaeologist and radio and television personality, died aged 86. He fought at Passchendaele in the First World War and in North Africa and Italy in the Second.

Expelled

The International Amateur Athletic Federation, meeting in Montreal, expelled South Africa for practising racial discrimination in athletics. **Olympics Page 2**

BUSINESS

● EQUITY leaders were marked down after the expenditure cuts and the FT 30-share index closed only 0.1 firmer at 382.4 after earlier gains ranging to 2.8. The FT-Actuaries All-Share index was 0.4 per cent. up at 158.43. The Gold Mines index lost 4.2 to 117.7.

● GILTS improved in thin trading, though the 3.30pm close meant reaction to the cuts was not reflected. Gains in shorts ranged to 3/16 and in medium and longs ¼. The Government Securities index rose 0.1 to 62.48.

● STERLING lost 10 points to $1.7835; its weighted depreciation improved to 38.4 (38.5) per cent. The dollar's narrowed to 1.86 (1.93) per cent. The French franc remained weak despite a 1½ per cent. increase in the bank rate. Back Page

● *GOLD fell $1⅞ to $111⅞.*

● WALL STREET was 0.57 down at 988.87 near the close.

Paris takes action to defend franc

BY RUPERT CORNWELL

PARIS, July 22.

THE FRENCH Government today took its most drastic action so far to shore up the franc and combat domestic inflation by raising the central bank's discount rate by 1.5 percentage points to 9.5 per cent.

The increase, although widely predicted in the foreign exchange market, was steeper than most observers expected.

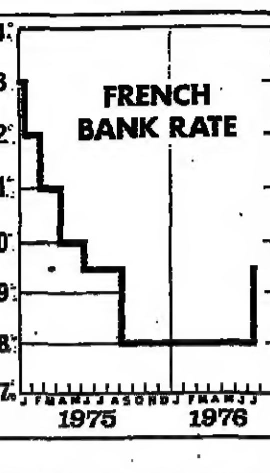
Nevertheless the franc showed only a tiny gain this evening, closing in nervous trading at Frs.4.9150-4.9200 to the dollar, compared with Frs.4,9200-4.9225 earlier.

The move has little automatic impact on borrowing costs, other than to raise certain mortgage rates. However, its psychological importance is considerable as a sign of the authorities' thinking.

The increase is also the culmination of a change in tactics adopted late last week by the Bank of France in its struggle to defend the currency, which has now fallen some 4 per cent. since July 9 and well over double that since its departure from the EEC currency "snake" in mid-March.

Up to last Wednesday the central bank had sought to contain the pressure by intervention which, although modest, had cost the reserves $400m. or more.

Abruptly it disappeared from the foreign exchange market to switch its attention to domestic interest rates, and forced up the key call money rate by over 1 percentage point in a week to 8¼ per cent. this morning.



To-day's decision is a sign that higher interest rates in France are to stay for some while. Analysts now expect the minimum lending rate of commercial banks to top quality customers to go up from 8.80 per cent. at present to perhaps 10 per cent.

This would fit in with the Government's well-publicised determination to use a tighter monetary policy as a means of controlling inflation—forecast at over 11 per cent. this year.

Dearer money, however, can only lessen the eagerness of industry to invest at a moment when the recovery is showing signs of levelling off.

But the authorities had less choice than at first appeared. On paper, France's reserves are enormous at $17bn., but the currency component is only $4.5bn., not much more than the sum spent in vain to keep the franc in the "snake" last spring.

The rest is in gold, counted at a price related to the free market. Its value may have to be written down sharply in the next reassessment of the reserve if the bullion price remains weak.

EEC seeks tighter control over steel industry

BY DAVID CURRY

BRUSSELS, July 22.

MUCH CLOSER monitoring of investments and production agreements with individual steel companies in time of crisis to *control output have been suggested* by the Brussels Commission as ways of combatting future recessions in the EEC steel industry.

These are two of the basic elements in an outline plan unveiled by the Commission today.

The plan is intended to sharpen the powers Brussels has over the steel industry in agreement with the companies themselves. The long-term strategy depends heavily on the Commission's taking a more active role in vetting investment projects, while shorter-term anti-crisis measures hinge on the setting *of individual company production* targets and the negotiation of pledges by individual companies to observe them.

That proposal is thought to have been the subject of fierce debate in the Commission, facing criticism on the grounds that it was too interventionist and that it would serve to cushion inefficient enterprises in times of crisis.

It was argued, apparently, that, for each unit of output produced by German companies with four men, the British industry required 11 men on average to produce the same amount. The fixing of quotas, it was *maintained*, would reward inefficiency at the expense of efficiency.

The proposals are to be discussed by the steel consultative committee which brings together users, unions and producers, and by national Governments. After these discussions the Commission will hammer its proposals into final shape.

The Commission envisages detailed negotiations on investment with companies on the basis of its annual survey of investments.

It says that it should publicise more widely its own views on the demand and supply situation and gear its attitude to investment plans much more closely to its own forecasts, keeping a special eye on the regional and social implications of its decisions.

The measures to be taken to combat crises in the industry hinge on the success of the Commission's forecasting apparatus and on its belief that it will be possible to identify a pre-crisis period by *observing indicators* such as orders and stocks, employment and capacity used.

Beside the fixing of production quotas, it is envisaged that eventually a minimum price guideline would be established, to be observed voluntarily, backed up by negotiations with suppliers from outside the EEC if their prices threatened the attempt to mainain price levels inside he Community.

In general the Commission envisages much closer and continuous discussions with other big steel producing countries, particularly in times of crisis. However, it goes out of its way *to deny any intention of forming* an international cartel to control production.

The proposals also seek to alleviate the problem of unemployment and lay-offs in the industry in times of crisis. Urgent consultations with Government and the two sides of industry, are promised, and the Commission says it is ready to discuss the particular situa*tions of regions especially vul*nerable to recession.

It says, too, that it is to redefine its policies of aid towards the modernisation of steel plant in the region to see if the resources it can make available can be stepped up.

The Commission makes an oblique reference to the formation of a private steel group comprising the German, Dutch and Luxembourg industries.

While simply noting the formation of this group and recalling the illegality of putting together private cartels in the EEC, it goes on to observe that he permanently oligopolistic *nature of the steel industry re*quires that such matters as control of price and production should be vested in public authorities.

The proposals were watered down several times in their passage through the Commission, mainly to dilute ideas for more active intervention in the market. This means that the French well regard them as an inadequate response to the problems posed by steel crises, while the German industry could baulk even at the residual interventionist intentions in the document.

It is clearly to try to avoid *this that the Commission has* been at pains to present its ideas as a logical development of techniques already tried out in the past year and based firmly on powers already existing in the treaty establishing the Coal and Steel Community.

Hambro Life share offer over subscribed by 43%

BY KEITH LEWIS

THE OFFER FOR SALE by unit-linked life assurance group Hambro Life, the first big flotation since that of supermarkets chain J. Sainsbury three years ago, has been a success.

The offer was *over-subscribed* by 43 per cent. and it took only the traditional one minute for the lists to open and close yesterday.

Applications were received for just over 6bn. ordinary shares against an offer of 4.24m. shares at 235p each, but it was the *nature rather than the level of* support that was most significant.

The "stags" were not in evidence and Mr. Weinberg, chief executive of Hambro Life, said last night that he was "very pleased that the issue has attracted serious, rather than speculative, interest."

After the issue, Hambro will have about 4,000 shareholders, covering a broad cross-section of investors.

The issue itself is a critical one for the City in that its success will almost certainly influence others considering *coming to the market*—most notably Save and Prosper, the savings and unit trust group, which is known to have the matter under review.

Two earlier, though admittedly smaller, issues this year—Wilson Walton, the offshore oil and gas service company, and builders William Leech—both flopped.

There is no doubt that a new issue revival is under way. This week has already seen publication of the prospectus of Molins, the tobacco machinery group, which is asking for £10m.

On Monday, meat traders Thomas Borthwick will be inviting subscriptions *for £12m.* of stock.

Continued from Page 1

Public spending cut by £1bn.

make it easier to finance the borrowing requirement without excessive growth of the money supply and stated that the growth of M3—the broad definition of money supply—should increase by about 12 per cent. over the whole financial year, which would be fully consistent with the objective of reducing inflation.

This is more specific than Mr. Healey has ever been in talking about the future course of the money supply, but it was emphasised yesterday that the 12 per cent. figure did not represent a target.

When asked his views later on a money supply target, the Chancellor referred to the difficulties about specifying and deciding on a figure, a course of action discussed by Mr. Gordon Richardson, the Governor of the Bank of England, in a recent speech, and said he had an open mind on the issue.

The Chancellor pointed out that M3 had ben growing at an annual rate of about 10 per cent. so far in the financial year and that since borrowing needs and gilt sales inevitably varied from quarter to quarter, the rate of increase could be higher than this rate for some periods, especially towards the end of the financial year.

He added that if inflation and output move as now forecast, the growth in money supply should be lower next year than this. But even after the reduction in the PSBR, Mr. Healey said there was still a risk that the necessary restraint in the growth of money supply might result in industry being denied essential finance.

In order to avoid this and to ensure that any increase in bank lending should be directed towards priority borrowing for exports, import saving and fixed working capital for industry, the Governor of the Bank of England has issued a notice to the banks emphasising the need to apply restraint with strict limits on lending and commitments in all non-priority categories.

It was emphasised yesterday that this would involve a particularly close watch on future commitments rather than the distribution of actual lending.

Bank loan guidance reaffirmed

BY MICHAEL BLANDEN

THE BANK OF ENGLAND reaffirmed its guidance to the banks on their lending policies following the Chancellor's comments on the money supply yesterday.

A notice to banks and deposit-taking finance houses *largely repeats the guidance* already in force, particularly the similar reminder issued at the time of the hire purchase relaxations last December.

Priority

It is, however, more clearly looking ahead to the possibility of renewed pressure on the banking system next year in the light of the Chancellor's assurance that money supply will not be allowed to expand at rates which would contribute to a renewal of inflationary forces.

It emphasises the need to give priority to lending for working capital and fixed investment by manufacturing industry and for the expansion of exports and the saving of imports.

Stressing the continuing need for "strict restraint" in *lending for low-priority pur*poses, the Bank's notice asks the banks to hold down loans to persons, property companies and for purely financial transactions.

Restraint

It also asks the banks to exercise restraint in granting facilities to these sectors. This new move is a recognition that there is a danger in the expansion of the bank facilities available to customers, even if they are not being used at present.

Demand for loans has been low, but there has been a significant increase in the overdraft limits negotiated by customers—of which possibly only about a half are being used.

If a sharp recovery required more energetic restraint to be exercised on lending, the existence of large unused limits could make it difficult for the banks to respond quickly.

Weather

U.K. *TO-DAY*

DRY and sunny; cloudy, showers, later. Cloudy first, sunny later in Scotland, Ulster.

London, S.E., Cent. S. England, E. Anglia, Midlands
Mostly dry; sunny spells. Max. 26C (79F).

N. Wales, E., N.E., Cent. N., N.W. England, Lakes, I. of Man
Rather cloudy, but mostly dry; sunny intervals. Becoming mainly cloudy, with some rain. Max. 21C (70F).

Channel Is., S.W. England, S. Wales
Dry; variable cloud and sunny spells. Max. 22C (72F).

***Borders, Edinburgh, Dundee,* Aberdeen, S.W. Scotland, Glasgow, Highlands, Moray Firth, Argyll, N. Ireland**
Cloudy; rain in places. Becoming brighter, drier later. Max. 19C (66F).

N.E., N.W. Scotland, Orkney, Shetland
Cloudy; drizzle in places. Becoming brighter, drier later. Max. 15C (59F).

Outlook: Mostly dry, with sunny periods. Some showers in E. early and N.W. later.

Lighting up: London 21.30, Manchester 21.50, Glasgow 22.11, Belfast 22.11.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	[illegible]	[illegible]	Madrid	S	[illegible]	[illegible]
Amsterdm.	R	17	63	Manchstr.	C	17	63
Athens	S	[illegible]	[illegible]	Melbourne	C	12	54
Barcelona	F	[illegible]	[illegible]	Milan	R	17	63
Belfast	C	15	59	Montreal	S	19	66
Belgrade	F	[illegible]	[illegible]	Moscow	F	22	72
Berlin	C	18	64	Munich	R	13	55
Birmghm.	S	18	64	Newcastle	F	18	64
Bristol	F	20	68	New York	S	25	77
Brussels	F	17	63	Oslo	S	24	75
Budapest	C	[illegible]	[illegible]	Paris	C	20	68
B. Aires	R	19	66	Perth	S	16	61
[illegible]				[illegible]			

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
[illegible]				[illegible]			

S—Sunny. F—Fair. H—Haze. C—Cloudy. R—Rain.

THE LEX COLUMN

Cutting down to £9bn.

The surprise element in the Chancellor's statement is his imposition of nearly £1bn. of extra taxation upon the corporate sector through higher national insurance contributions. It is possible to argue that this is just another cost which will be passed on readily enough in the more buoyant conditions of next year. There is some offset, too, in the further Price Code concessions (though their practical value is highly uncertain). But on balance the equity market is not going to like the way the Government evidently has its eyes on the corporate sector's developing surplus. It is not a good omen for the willingness of the public sector to make room for industry as pressure on economic resources builds up.

For gilt-edged the news that £1½bn. rather than the expected £1bn. is going to be knocked off the borrowing requirement for 1977-78, and that growth of M3 is likely to be restrained to 12 per cent. (though this is apparently not a strict target) is balanced by some damaging implications. The measures will push up prices, so the inflation targets slip once again. Secondly, the £11.5bn. and £10.5bn. (pre-measures) borrowing requirement forecasts for this financial year and next will disappoint many. A PSBR of near £9bn. for 1977-78, likely to be a boom year, will still leave the Government running very high risks. The danger is that gilts may yet be exposed to conditions of extreme stress in the credit markets.

GUS

Another thoroughly steady performance by GUS—which maintained pre-tax profits growth at around a tenth in the second half as in the first—has pushed the pre-tax figure to £98.3m., a shade better than the market was expecting. Plainly the defensive strengths of the U.K. mail order operations have been an important factor in the difficult retailing conditions of the past year. Moreover the

Index rose 0.1 to 382.4

overseas activities have forged ahead, raising their contribution from 16 to 19 per cent. of the total—so they could well be responsible for half the overall increase in profits of just over £9m. Another strong area has been the investment, property and finance division, which produced £13.2m. pre-tax in 1974-75 and must have been boosted by the improving liquidity trend, given that cash holdings had surged from £27.5m. to £67.3m. over the previous year.

Elsewhere the picture is less bright. Furniture retailing has been picking up in recent months, but much of the profits benefit of this will have been deferred—unearned HP profits, little changed in the first half, jumped almost £6m. in the second six months. And not *surprisingly*, menswear was a problem area, with the last 85 branches of GUS's John Temple chain finally biting the dust during the year.

This year GUS is once more ahead after the first quarter and the outlook for consumer spending is somewhat improved, while the mail order side will be helped by the tailing away of double running costs at the new Wigan warehouse. With a yield of 5.5 per cent. and a p/e of 9.6 the "A" shares seem fairly rated.

Plessey

The message to be drawn from Plessey's disappointing first quarter figures (1 per cent. growth pre-tax on 15 per cent. sales growth) is that the recovery is under way but taking somewhat longer than expected. On the all important telecommunications side, the cutback in relatively high margin Post Office business is being offset fairly successfully by increased exports. But fierce foreign competition, particularly from the Japanese, is squeezing margins which, whilst on an improving trend, are a tenth narrower than l

This year the overse contribution should ri under a third to close cent. The turnaround America is going export order books on side are healthy. Provi redundancies look like ing for the rest of the are unlikely to top th seen in the first quart ring any major changes Post Office spending, profits of between £ look on the cards. Bu shares are to regain sparkle the company to prove that its expor can be maintained wit fortuitous help of recent rapid decline.

Davy Internation

Davy International h bumper year with prof by £4.45m. to £10.4m. and 1976-77 is going t this trend. But almos of last year's upturn c down to exchange profi £0.6m. jump in intere able, and following rights issue attributab this year are going t little in per share term outside profit estima rently settle for £12m which points to 1976-77 of 20p, against 19½p or capital. A prospectiv 7 must limit the scope tive share price stren slow on; at 143p the yi per cent., covered 3.1 t

Davy's trading b last year was domi North America which to profits with £3m breakeven. The U.S. difficulty in holding th this year but the re group is still moving smoothly enough: tot currently top £770m.— of years' work. M Davy's balance sheet shows up most marke cash of £33.4m.—a market capitalisation maybe half of which a progress payments.

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